

# LATIN AMERICAN REPORT

MARCH 1957

50c

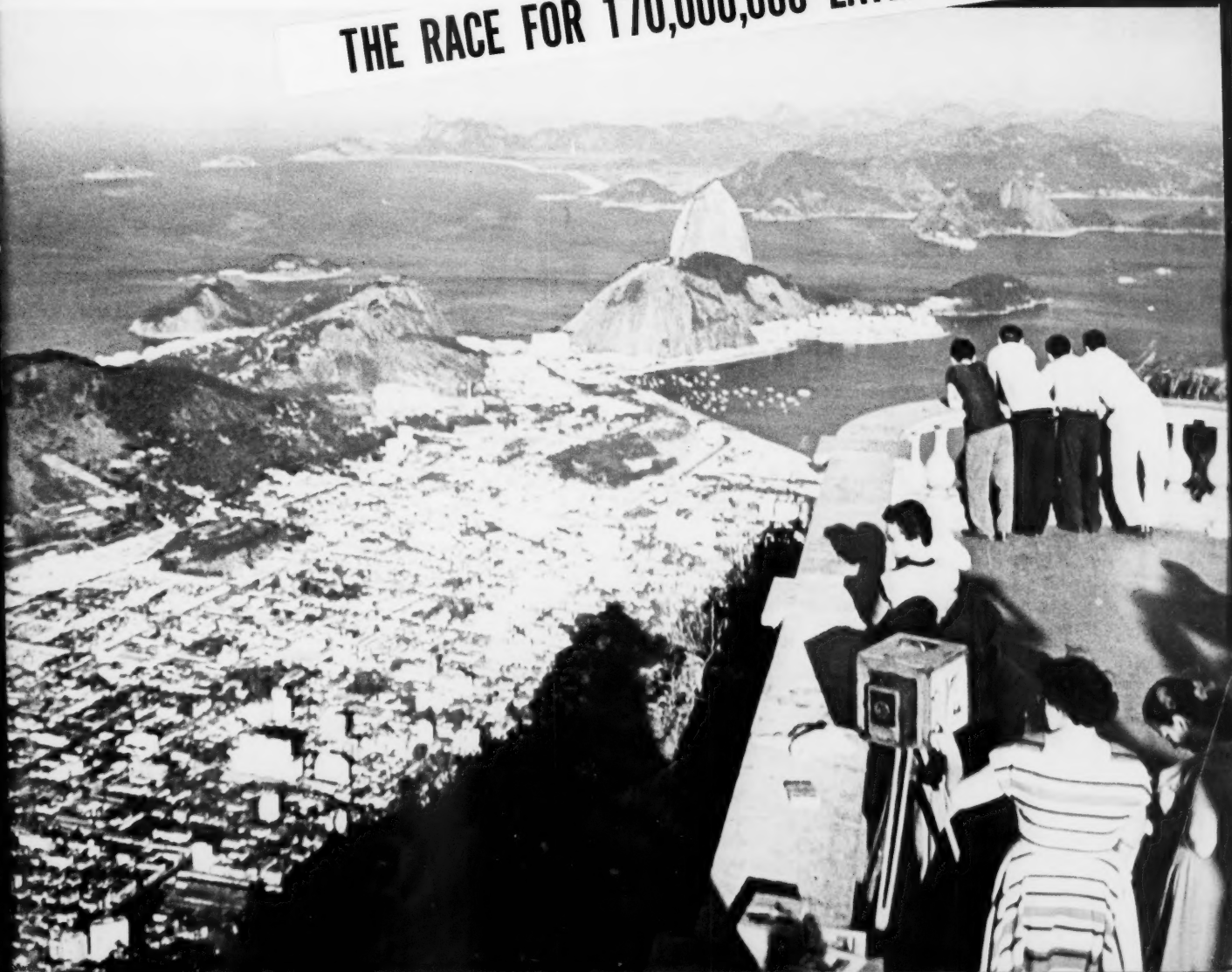
**HAITI:** Passive resistance and unyielding determination of the people thwart would-be dictatorship.

**BRAZIL:** Energetic Finance Minister Alkmin engineers long-term loans and investments to stave off financial crisis.

**INTERVIEW:** Ambassador Amaral Peixoto examines key facets of Brazil's economic program . . . relations with the United States.

**HEMISPHERE:** Soaring populations and increasing buying power herald Latin America as the world's greatest market today.

THE RACE FOR 170,000,000 LATIN CUSTOMERS



LAND USE • PUBLIC HEALTH • LAND RECLAMATION



CONSTRUCTION • TRANSPORTATION • EDUCATION

## THE CONSTANT STRIVING FOR PERFECTION

A banana in perfect condition for foreign markets is the ultimate aim of all growers. In Tropical America constant study and research are keys to the new techniques that make this possible.

Formerly bananas were washed by crude dipping in open vats. Today bananas move on overhead conveyors through mechanical pressure-jet washers, emerge clean and glistening, ready for shipment overseas.

Such searching for perfection creates steady, satisfied customers throughout the world. Banana production expands, local governments enjoy increased revenues from United Fruit Company and subsidiaries. More employment, better living conditions result.

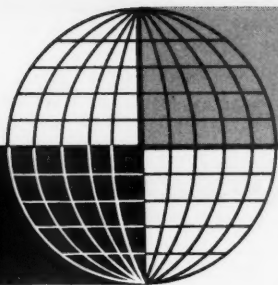
This is a vital part of the Living Circle of trade and communication which day by day makes the Americas stronger and more secure.

**United Fruit Company**



### THIS LIVING CIRCLE STRENGTHENS THE AMERICAS

United Fruit Company has been serving the Americas usefully for 56 years—reclaiming wasteland, stamping out disease, developing human skills, helping by research, new techniques and transportation, to increase the production and sale of bananas, sugar and other crops, and expediting communications.



# OUTLOOK

## CHILE

... Tired of President Carlos Ibañez del Campo and his belt-tightening anti-inflation program, a grumbling population walked into the congressional election polls and handed the Ibañista Agrarian Labor Party a resounding defeat. What's more, mounting returns indicated a heavy vote for the Radical party, bitterest of Ibañez' opponents. With results not yet finalized, it nevertheless appeared that the Radicals would emerge with the largest single bloc in the Chamber of Deputies. Political circles in Santiago already were predicting the formation of a parliamentary majority composed of Radical, Falange and Liberal deputies, whose combined number could well exceed half of the Chamber's 147 seats.

What will this mean to President Ibañez? Almost certainly his austerity-enforcing program to correct the country's runaway inflation will be stalemated, if not reversed. In its 18 months of operation, the plan, based on recommendations of the American Klein-Saks mission, has checked inflation, but at the cost of increasing antagonism in all quarters of Chilean life. Violent debates have rocked Congress, and touched off a succession of cabinet crises leavened with an epidemic of strikes. With reason then did President Ibañez assert on the eve of the election that the government's anti-inflation plan was at stake.

Also at stake could be a good-sized slice of Chile's future. With a divided government—the legislative majority hostile to the executive—installed for the next 20 months (Ibañez' term does not expire until November, 1958), the nation's management could bog down in endless debate while the country slides into chaos. But veteran politician Ibañez may still manage a good enough com-

promise with his opponents to maintain at least the status quo. Already there have been rumors in Santiago that Ibañez is considering inviting Eduardo Frei Montalvo, head of the opposition Falange party, to join his cabinet. Since Frei, a 46-year-old lawyer and economist who was voted overwhelmingly into the Senate, is one of the hottest political figures at the moment, it would certainly be well for the President to seek his cooperation.

Although smoke and dust from the elections still hang over the political scene, predictions of things to come nevertheless were rampant and, in most cases, wildly erratic. But through all the confusion one conclusion seemed self-evident: Chile is in for a long night of political disharmony.

## THE HEMISPHERE

... Coincidental with discussions to formalize a common markets plan for Europe, finishing touches were being put to a relatively unpublicized but equally important blueprint for regional economic integration within the Americas.

Agreement already has been struck in the form of a 10-year multilateral pact signed in Guatemala City by the ministers of economy of Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica. Basic aim: a mutually beneficial system of regionalized industries whose products will move freely between all signatories. Toward this end a formula has been agreed upon for elimination of tariff barriers on some goods; reductions for others. The specific product categories, however, are yet to be determined by each of the participating governments.

Other provisions are designed to encourage a planned complementary industrial development on a regional basis through special privileges and

tax exemptions for commonly agreed upon industries. Costly duplicatory output could thereby be avoided, and a cause for tariffs eliminated. Thus goods more cheaply and logically produced in El Salvador will be available to consumers in Costa Rica or Guatemala at parity prices.

If the pact, which must yet be ratified by all signatories, is implemented in accordance with its authors' objectives, Central America's overall economic development will have taken an enormous stride forward. One almost immediate result will be the broadening of the consumer market. At present the five nations are tightly compartmentalized business units. Guatemala with its population of over three million is the largest of these units. But a totaling of the five populations into a regional market means nearly 10 million potential buyers. Such a fabulous market expansion should free the region's agrarian and industrial producers from the limitations of their own national frontiers.

Less tangible but certainly no less salutary is the spirit of this agreement. As Central America's five nationalistic, independent-minded countries find greater benefits in mutual activities, the day may not be far off when they can overcome their compunctions about political unity.

... Meanwhile, in South America, economists are casting a wary eye on common market development plans in Europe. Some prophets of doom regard it with alarm, foresee the further development of African colonies as a real menace to Latin America's trade relations with Europe. Others predict a decline in the flow of European investment capital to Latin America.

But another group, headed by respected Dr. Raul Prebisch of Argentina, sees Europe's trade plans as a possible blessing in disguise. The threat of a tighter, more competitive European market could be the needed stimulant for the creation of Latin America's own common market. Seemingly some sort of drastic devel-



# OUTLOOK

opment is needed to activate Latin America's deplorably stagnant inter-regional commerce (See LAR, February 1957). These same optimistic economists also find little evidence to suppose that Europe would want to lose its own markets in Latin America—markets they have been cultivating very carefully in the post-war period.

All these facets of the Latin American-European trade pattern are certain to be discussed at the upcoming meeting (May 15) in La Paz of the United Nations Economic Commission for Latin America. As Secretary General of the Commission, Dr. Prebisch will doubtless exercise strong influence on behalf of a Latin American common market.

## CUBA

... Pundits in Havana are wondering where and when the next encounter will be in the running battle between Strongman Fulgencio Batista and the small but determined core of the opposition. Since the beginning of the year the tempo of conflict has picked up frighteningly, bringing deprivation and death to the island and its usually happy inhabitants.

As acts of terrorism mounted—reminiscent of the black days of Dic-

tator Machado in the 20's—the government counter-attacked with a 45-day suspension of constitutional guarantees, including press censorship. Then in February the *New York Times* touched off a verbal battle with the revelation, through an exclusive interview, that rebel leader Fidel Castro was alive and plotting in the Sierra Maestra hills. For weeks, since Castro's abortive invasion of last December, his survival had been in doubt, nurtured by government statements that he had been killed. And then the hot-headed students made the headlines with a dramatic but hopeless charge on the National Palace in Havana. Their bid to topple Batista left at least a score of them dead and many a Cuban shaking his head in astonishment. "It's really getting serious now," acknowledged one Habanero.

The seriousness of the situation was evident everywhere—despite the apparent business-as-usual mood in Havana. The government renewed the suspension of constitutional guarantees for another 45 days. Gunfire and exploding bombs were becoming a common sound in cities and towns across the island. Arrests of suspected "terrorists" reached up into the hundreds. These are becoming signs of the times in Cuba. They will not change, apparently, until Batista—whose claim to the presidency is seriously

questioned—either agrees to call a general election or is overthrown.

## EL SALVADOR

... Encouraged by Honduras' success, El Salvador renewed efforts for an agreement with the United States to eliminate a double taxation—that twin-headed menace for the United States investor abroad.

To the investor, double taxation means doling out twice: once in the country where his income is derived, and again in the United States purely on the basis of citizenship. To the Latin American nation seeking to attract United States capital, it is a ludicrous barrier—driving off the businessman who is reluctant to be taxed twice on the same income. To the United States, which officially insists that more private capital should move into Latin America, it is a blatant contradiction to declared policy. Through bilateral agreements the thornier hazards of double taxation are blunted by protecting the investor from the uncertainty of not knowing how many tax collectors will descend on him at year's end. Unfortunately, to date only one Latin American country, Honduras, has been able to negotiate a tax agreement with the United States.

Latin American Report  
417 International Trade Mart  
New Orleans, La.

Gentlemen:  
Yes, thank you—please  
send a free copy of your  
magazine to these friends  
of mine.

My name is:

Address \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ ZONE \_\_\_\_\_ STATE \_\_\_\_\_

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ ZONE \_\_\_\_\_ STATE \_\_\_\_\_

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ ZONE \_\_\_\_\_ STATE \_\_\_\_\_



## FACT AND FICTION

One of the more interesting aspects about the various lands of the Americas is determining what is fact, and what is fiction. I was reminded of this the other day while looking through my file of articles based on my travels throughout the Americas. One in particular caught my eye.

This is the way the article read: "It was last year in Panama that I first heard of a tribe of white Indians, said to roam the great unchartered Guayana region of southern Venezuela. Savage and cannibalistic, they were said to be. Unfortunately, stories emanating from such remote areas are difficult, if not impossible, to confirm in all details.

"It was a man, seasoned in the ways of traveling the most remote regions of the world, who told the story. And the manner in which he told it gave a certain amount of authenticity to a tale which otherwise would not have justified a second consideration.

"A group of missionaries," he said, "started out in northern Brazil and followed the water route of the mighty Amazon River. As they penetrated deeper and deeper into the heart of Brazil, the going became increasingly difficult. They pursued the course of the Amazon until they came to a junction, and then they swung north along the river which is called the Rio Bronco. Without hesitation they followed this ever-narrowing stream northward toward the Venezuelan border.

"In this area there is nothing but wilderness. For miles and miles—as far as any human eye can see—there is nothing moving, nothing to indicate that there is any living soul. The days break bright and short, and as dusk comes, there is a brief moment when it seems as if the sun is going to return in all its midday brilliance. Then suddenly, and without warning, all is dark. That is the way night descends along the equator—suddenly, swiftly, completely.

"It was in that moment, just before the brightness of the day was about to fade, that the group noticed a movement in the wilderness about them. It could have been an animal—then came the first of the arrows and one of the group fell forward. For a moment the others stood still in stark amazement, for their assailants were Indians—not the red skin variety that we know—these Indians were white."

On occasion I have tried to check the truth of the tribe's existence but without success. I somehow have the feeling that such a tribe either exists, or at least did exist at one time. But, at best, this is a feeling—no more.

Some time ago in Belém, Brazil, at the mouth of the Amazon, I met an Englishman who had lived in the town for some 30 years. I discussed the "White Indian" legend with him, hoping that after such a long stay at Belém he might well have heard the same story and could offer me details.

His reply was that he had "heard" about the tribe but, like me, had never met anyone who had actually seen these Indians. He added quickly that just because he had never seen them, and had never met anyone who had seen them, was no proof that they did not exist. As a matter of fact, he said, if he were asked whether such a tribe was or was not a reality he would be inclined to go along in the affirmative.

"The one thing," he said, "that Belém has taught me is to believe that all things are possible.

So white Indians? Well, who knows?

*William G. Gaudet*

PUBLISHER

**THIS MONTH'S COVER:** Awe-inspiring panorama of Rio's beautiful harbor, seen from Corcovado (Hunchback.) Color Photograph courtesy of Pan American World Airways.

**CHANGE OF ADDRESS:** Send old address, exactly as it appears on your magazine label, along with new address, including zone number. Allow at least four weeks to effect change.

# LATIN AMERICAN REPORT

*Published monthly to record and interpret the changing history of our hemisphere.*

MARCH  
VOL. 1

1957  
NO. 11

## Contents

### ARTICLES

HAITI'S SILENT REVOLUTION	10
LATIN AMERICAN MARKET	14

#### Portrait of a City:

RIO—THE CITY MARVELOUS	24
MEXICAN TEMPLE	30

#### Interview:

BRAZIL'S AMBASSADOR PEIXOTO	32
-----------------------------	----

#### Profile:

JOSE MARIA ALKIMIM	34
--------------------	----

#### March of History:

POTION FOR THE GODS	38
---------------------	----

### FEATURES

Outlook	1
Letters	4
Washington Letter	6
People in the News	8
Books	36

### EXECUTIVE STAFF

William G. Gaudet	Publisher
Scott Seegers	Washington Editor
Dinty Warmington Whiting	Associate Editor
Tilden Landry	Art Director

#### Contributing Editors:

Frederick Sondern, Jr.  
Pedro C. M. Teichert  
Martin Lowe  
Conrad Rostan Wrzos  
Norman Thomas  
Maurice d'Arlian Needham

#### Editorial Assistants:

Harry Caicedo  
Mary Catchings

### FOREIGN NEWS

Field representatives stationed in: Mexico City, Mexico; Guatemala City, Guatemala; San Salvador, El Salvador; Tegucigalpa, Honduras; Managua, Nicaragua; San Jose, Costa Rica; Panama City, Panama; Bogotá, Colombia; Quito, Ecuador; Lima, Peru; La Paz, Bolivia; Santiago, Chile; Buenos Aires, Argentina; Montevideo, Uruguay; Rio de Janeiro, Brazil; Caracas, Venezuela; Havana, Cuba.

LATIN AMERICAN REPORT is published monthly by Latin American Reports, Inc., International Trade Mart, New Orleans 12, La. Single issue price 50c. Subscription \$5.00 per year. Foreign Rates (boat mail) \$6.00. President, William G. Gaudet; Vice President, Sidney M. Toca; Secretary-Treasurer, Yvonne M. Dufrechou; Directors: Sidney M. Toca, George L. Kanel, William G. Gaudet, Yvonne M. Dufrechou, Parks B. Pedrick, Lee Emery, Jr. Second Class Mail Privileges authorized at New Orleans, Louisiana.

PHOTOGRAPHS IN THIS ISSUE: 8, Harry Caicedo; 14-23, Hamilton Wright; Mel Adams, Dirección General de Turismo—Guatemala, Instituto Costarricense de Turismo, Pan American World Airways, Kaiser Industries; 24-29, Pan American World Airways, Mississippi Shipping Company; 30-31, Norman Thomas; 32-33, Norman Thomas; 34-35, Conrad Rostan Wrzos.

Goods from ALL  
the WORLD



in ONE  
BUYING PLACE



**Save Time and Money—  
Make One Buying Trip**

In this famed marketplace you will find goods from all parts of the United States and from practically every country in the world.

This convenient concentration makes possible surprising savings on your buying trips.

Next time, make your first stop at the International Trade Mart.

Write now for facts about how this unique institution can serve your business.

**INTERNATIONAL TRADE MART  
NEW ORLEANS, U.S.A.**

# LETTERS

## Aruba Appreciative

Dear Sir:

We have your most interesting article on our island of Aruba (LAR, December, 1956). We believe this article will contribute materially towards the knowledge abroad of the highlights of this island. Please convey to the author our sincere appreciation of his work.

L. C. Kwartz  
Lieutenant Governor  
Executive Council,  
Island Territory of Aruba  
Eilandgebied, Aruba

## Latin American Market

Dear Sir:

Money talks when the extraordinary industrialist Kaiser points to South America as a veritable gold mine of business expansion for these United States. (LAR, December, 1956). And now Tulane University begins a special study of this great market. LATIN AMERICAN REPORT . . . again points the way for the alert American businessman. . . Congratulations. . .

Rousseau Van Voorhies  
New Orleans

## Take a Bow

Dear Sir:

Words cannot express the enjoyment I have had in reading your last three magazines. A friend of mine, also from south of the border like myself, had told me many times about the outstanding qualities to be found in it. As you can gather, I also found it superb.

Monte A. Motta  
University of Pennsylvania  
Philadelphia

Dear Sir:

I have enjoyed your magazine very much and wish you continued success

in your efforts to bring about closer relations and better understanding between the two continents.

Kenneth Clark  
United States Coast Guard

## Father Wasson's Work

Dear Sir:

I read with interest your August, 1956, issue of LAR and was very interested in the article entitled "Our Little Brothers." I have been interested in Father Wasson's work in connection with this boys' home for some time, and think your article was well directed and will aid a worthwhile project.

G. SCOTT HAMMONDS  
Dallas

## Tico Land Revisited

Dear Sir:

Permit me to congratulate you on your splendid article on San José, Costa Rica in your November issue. It is so seldom one reads informative articles on Central America, it was a genuine pleasure to read of current life in Tico Land. I have been a reader of yours since the beginning issue and wish to comment on the marked improvement on the general content of your magazine month after month.

GARDNER W. FULTON  
Fort Lauderdale, Fla.

**Money** The only Book  
About Money-Making  
Opportunities in  
**Latin America**

**TELLS WHERE HOW**

**THERE'S MONEY FOR YOU IN LATIN AMERICA**

**278 Pages**

"Covers every country; most fields. Over 800 specific minor & major investment opportunities; current business conditions & investment climate. Authoritatively written by business location specialist. Indispensable for anyone wanting to invest in this undeveloped, low-tax area. A practical & workable guidebook."

**Only \$3.98 POSTPAID**

**ATLAS PUBLICATIONS**  
APARTADO 2988  
SAN JOSE, COSTA RICA



# WASHINGTON LETTER

March, 1957  
Washington, D. C.

## CONFLICTING AID RECOMMENDATIONS

A score of studies and recommendations on the United States' foreign economic development policy hit the White House and a special Senate Foreign Relations Committee re-appraising foreign aid program. Conclusions vary as widely as the number of reports. Some said private enterprise should do the job; others approved the present program; still others recommended a program vaster than anything yet envisaged.

Significant to Latin America is that neither private enterprise, nor the World Bank, nor the Export-Import Bank is capable of supplying the capital needed by the developing countries of the world.

First on the president's desk, the long-awaited mutual security program recommendations of his citizen advisers chaired by big steel's Benjamin Fairless. The only new idea apparently offered was programming in two-year increments, rather than yearly. 1956 levels were recommended as a ceiling on future aid expenditures. The incensed Washington Post's comment: the thin report "ought to be consigned to the trash heap."

Three days later the White House released a study of the International Development Advisory Board, the president's private consultants on foreign economic relations. Another top-drawer businessman's group, it includes Eric Johnston, president of the Motion Picture Association of America, J. Peter Grace, president of W. R. Grace & Company, and Harvey S. Firestone, Jr., chairman of the Firestone Tire and Rubber Company.

IDAB frankly confessed that the flow of "private capital to the underdeveloped countries has fallen short of the goal hoped for by American business and by the United States government," pessimistically forecast no immediate change in picture likely for Asia or Africa; was cautious about Latin America, noting greater opportunities. Apparently with Latin America in mind, IDAB said it was studying ways and means to stimulate flow of private investment.

"As a necessary basis for a marked increase in foreign private investment," IDAB proposed an international development fund operated by the International Cooperation Administration. Loans rather than grants would be emphasized, with terms more generous than the World Bank's; some possibly repayable in local currencies. Funds would not be advanced for projects that could be financed by private capital, the World Bank, the Export-Import Bank or the International Finance Corporation. Latin American leaders have advocated such a plan for a long time.



## Washington Letter

---

IDAB also recommended funding long-term projects by Congress with three-year appropriations; the initial sum to be sufficient "for a substantial increase in capital investment and technical assistance funds. "

IDAB's thesis was contradicted by the American Enterprise Association, Inc., of Washington, which did a study on contract for the Senate Committee.

"What we need to do is place major reliance on expanded private foreign investment and the buildup of foreign private economies," the Association said. "Private investment, not government aid, is the most effective way of helping other peoples to improve their levels of living. " The Association opposed crash programs; argued that hopes of receiving grant aid induce governments to be less receptive to private capital.

The new ambassador to West Germany, David K. E. Bruce, who studied the aid program in Peru, Chile, Argentina, Uruguay and Brazil for the Senate, also argued the case for private enterprise to fund development. Contended that "we should devote more time and attention to the requirements of our southern neighbors. "

With President Eisenhower urging postponement of all non-essential projects to help bridle inflation, little Congressional enthusiasm for a new foreign aid program can be expected this year. But the future may hold a significant shift in emphasis from military aid to purely economic development assistance. If this happens, it will be difficult for the United States to continue to keep the development problems of the Latin American area compartmentalized from those of the rest of the world. After all, many of the Latin American countries are as underdeveloped as certain areas in Asia and Africa. Venezuela is an outstanding exception as measured by the per capita annual gross national product. It just tops the \$750 per capita output qualification standard. Uruguay, Argentina, Cuba, Panama, Colombia and Costa Rica fall in the intermediate classification with per capita outputs ranging from \$300 to \$750. In the remaining, per capita output is less than \$300; the underdeveloped stage.

\*\*\*\*\*

### RX FOR SYMPTOMS

The Inter-American Committee of Presidential Representatives, headed by Dr. Milton Eisenhower, continues to plod toward the goal of a more effective Organization of American States. While the foreign aid planners talk in billions, the Eisenhower committee deals in more modest millions. One of the concrete results: a \$1.5 million contribution of the United States to the Pan American Sanitary Organization for its malaria control campaign.

Dr. Eisenhower termed the contribution a "major donation" and journeyed from Baltimore to Washington to deliver the check in person. Donations in various fields are expected upon conclusion of the committee's work. Final meeting is scheduled to begin April 29.

Plans are to tackle problems relating to nuclear energy, health, agriculture, education, housing, technical cooperation, highways and public relations. Vigorous stumping by Latinos added problem of economic development, including foreign trade, private investment and public financing to final agenda. The United States, however, appears to have nothing new to offer on these problems and little is expected from their discussion. The committee, under the tutelage of the United States, seems determined to tackle the manifestations of underdevelopment rather than underdevelopment itself.

\*\*\*\*\*

### COFFEE PRICE PLAN SCRAPPED

The long-sought International Coffee Agreement died even before it got off the drawing board. The agreement, designed to stabilize prices, was scrapped when the very difficulties of negotiation forecast the impossibility of agreement. To replace it, a special committee of the Inter-American Economic and Social Council now hopes to form a World Coffee Council, that would include African, Asian and Oceanian producers. The council would promote the consumption of coffee, conduct product research, and undertake statistical studies. It would stay strictly away from the sensitive issues of price and market controls. Many of its sponsors hope, however, that such an institution may serve eventually as a springboard for a stabilization agreement.

\*\*\*\*\*

### FREE TRADE TENETS UPHELD

Office of Defense Mobilization's rejection of petition by Cordage Institute to restrict imports of hard fiber cordage and twine products under defense exceptions (Section 7) of Trade Agreements Extension Act of 1955, set important precedent. Cordage Institute argued these products being imported in "such quantities as to threaten to impair the national security."

New Orleans attorneys Morrison and Newell representing sisal interests in Mexico most immediately affected, responded persuasively that (1) only 7 percent total domestic consumption of rope imported; (2) specific Congressional policy permits unrestricted import of farm twines; and (3) relationship of national security and industrial twines tenuous. Thus no actual threat existent.

ODM so held; further, that bulk of these imports flows from countries whose resources presumably would be available to United States in time of emergency, and that impairment of trade relations not justifiable unless threat to national security clearly shown. Promised to look for measures to bolster deteriorating position domestic cordage industry.

# People IN THE NEWS

**Ambassadors' Waltz:** At least three diplomatic posts in Latin America will be getting new ambassadors from the United States this year as a result of a major diplomatic reshuffling scheduled by President Eisenhower. As a start, *Philip Bonsal*, who reportedly has aroused Colombian President Gustavo Rojas Pinilla's displeasure by becoming too popular—even among the opposition—will be transferred from Bogotá to La Paz.



Ambassador Bonsal

Filling the vacated spot in Colombia will be *John Moors Cabot*, present ambassador to Sweden and a former assistant secretary of state. *Gerald Drew*, who has helped put Bolivia on the path to long-needed economic reform, is scheduled for an equally ticklish post: Haiti. Here he is expected to lend a hand with still another economic mess.

**Musical Notes:** In New York, Brazil's foremost composer, *Hector Villa-Lobos*, took time out from rehearsals of one of his works to journey down to City Hall for a tribute-paying ceremony and a demonstration of his country's percussion instruments. The City's Mayor Robert Wagner presented a scroll citing the 70 year-old composer-conductor-music educator for "distinguished and exceptional service" in promoting cultural relations between the peoples of the Americas. Afterwards, Villa-Lobos, who leans heavily on Brazilian folk music in his compositions, showed off some of the instruments to be used by the New York Philharmonic-Symphony percussion section later this month in a premiere performance of his "Cantata Profana: Mandú-Carara," under the baton of the composer himself.

... In Caracas, more musical hon-

ors were bestowed—this time in the form of \$5000 cash awards instead of scrolls. A top prize of \$10,000 was divided by *Blas Galindo*, head of the National Conservatory of Mexico for his "Sinfonía" and by *Camargo Guarnieri*, conductor of the São Paulo Symphony, with his "Choros" for piano and orchestra. The two compositions were selected from among 107 submissions to the Latin American Music Festival. Among the judges: Aaron Copland and Mexico's distinguished Carlos Chavez.

**Pep Talk:** Addressing the New York Coffee and Sugar Exchange in Manhattan, Indiana's Republican Senator, *Homer E. Capehart* plumped for increased inter-American dollar traffic. Much government money now being lent or given, said the senator, is gone forever. But a dollar given or loaned in Latin America is likely to return with interest, declared Capehart, and uncorked a statistic to prove it. United States citizens, he said, annually receive 12.5 percent return on their Latin American investments. Concluded the senator: "North and South America together have every resource needed for war or peace. If the two continents stand together, no outside force could conquer them... our relationship must not be neglected."

**Calling the Play:** Another United States Senator, *Frank J. Lausche*, (D-Ohio), put a dampener on a proposal to hold the 1959 Pan American games in Cleveland. As a budget-conscious congressman, Lausche viewed the games as a "nonessential event" unworthy of a requested \$5 million federal appropriation. With Lausche's statement "I cannot support for Ohio something which I would oppose for another state" supporters of the project glumly admitted they could hardly expect to make first base.

**Rebel's Reappearance:** Former law student and rebel leaders, *Fidel Castro*, jumped back into the headlines with publication in the *New York Times* of an exclusive interview with the insurgent at his Sierra Maestra hideout in eastern Cuba. One result: an explosive denial by President Batista's government, which tabbed the report as a "chapter in a fantastic novel." However, the "chapter"—which has become a major issue in Cuba—was soon followed by the

abortive student attack on Havana's Presidential Palace and widespread rumors that Castro is planning a full-scale march on the capital next month.

**Visiting Lawyers.** Quietly traveling across the United States this month as guest of the Government were two distinguished Latin American lawyers, one from Bolivia, one from Argentina. Dr. *Hugo Sandoval Saavedra*, president of San Francisco Xavier University in Sucre, called at



Educator Sandoval

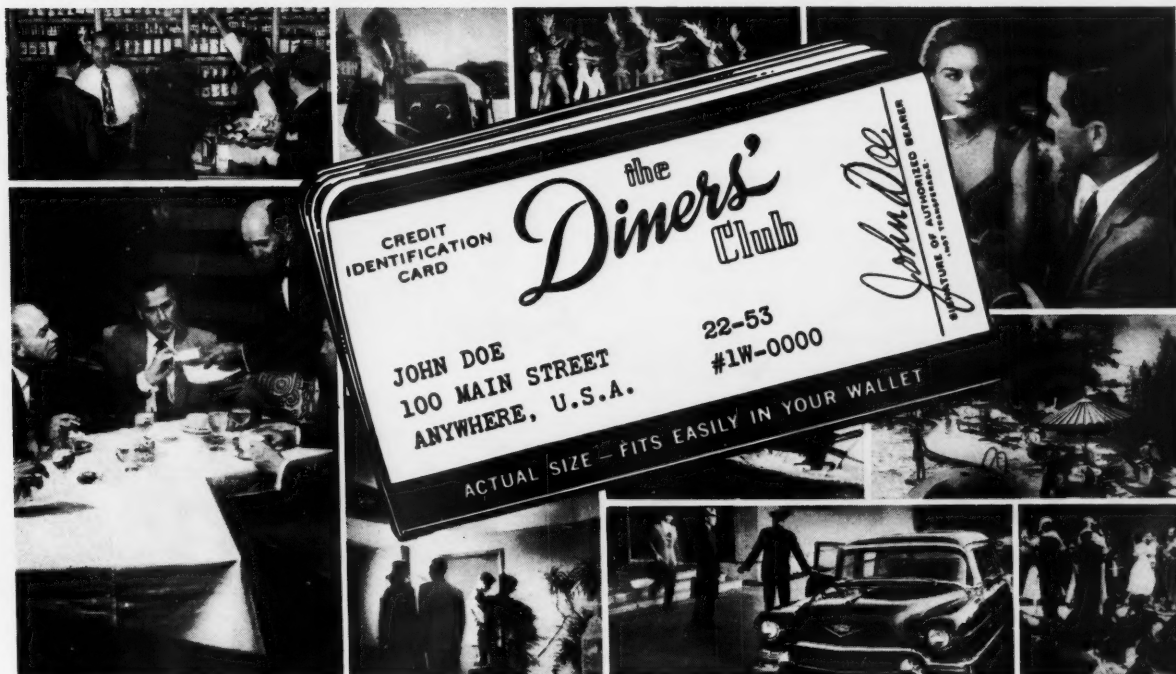
American universities from New York to California to observe teaching methods in U. S. law schools. About his country's do-or-die stabilization program, Dr. Sandoval held high hopes for its success, but admitted that it was still too early to judge results. The other lawyer, Dr. *Salvador Dana Montañó*, prominent author, jurist and authority on constitutional law, swung through the south to guest lecture at several universities. Like many Argentine jurists, Dr. Dana's principal legalistic concern these days is his country's Constitution of 1853, now up for a revamping. Says Dr. Dana, "... the Constitution should be revised to bring it in line with the actual needs and wishes of the country. ..."

**Youthful Leader:** Stepping in to the presidency of the International Civil Aviation Organization next month will be Argentina's *Walter Binaghi*, whose 37 years make him one of the youngest men to fill such a high post with an international agency. A civil engineer, he has been on the ICAO Council since 1947, will serve in his new capacity until 1959. Binaghi succeeds Dr. Edward Warner, United States, who has headed the organization since its foundation in 1945.



**YOUR CREDIT IS GOOD  
WHEREVER YOU GO**

*when you carry a Diners' Club card!*



## here's why you will want to join the Diners' Club

**YOU'LL HAVE 5000 CHARGE ACCOUNTS** and immediate, unquestioned credit at the finest establishments in every key city throughout the world. You'll be able to charge **FOOD, DRINKS, ENTERTAINMENT, HOTEL ACCOMMODATIONS, CAR RENTALS, LIQUOR, FLOWERS, GIFTS, ETC.** When the bill is presented you just sign it. That's all.

**YOU'LL GET ONLY ONE MONTHLY STATEMENT.** It will include all your charges. Makes it impossible to forget any legitimate business expense. One check pays for everything. *An invaluable record for tax and bookkeeping purposes.* Your accountant will verify this.

**YOU'LL ENJOY THE PRESTIGE AND CONVENIENCE ACCLAIMED BY NEARLY 300,000 MEMBERS.** Your wallet-sized *Diners' Club* credit card assures you preferred treatment wherever you go and is as easy to use as an oil company credit card. Eliminates expense-account headaches, petty cash nuisance, the need to carry large sums of cash. Replaces dozens of individual credit cards. A complete directory and guide to over 5,000 of the world's finest **RESTAURANTS, NIGHT CLUBS, HOTELS, FLORISTS, MOTELS** through the CONGRESS OF MOTOR HOTELS; **AUTO RENTALS** through HERTZ RENT-A-CAR; interstate **LIQUOR GIFTS** through BEVERAGE GIFT SERVICE.

**YOU'LL PAY ONLY \$5.00 YEARLY.** And this modest fee covers membership cost of your entire family, an entire firm or sales force all of whom may have and use their own personalized *Diners' Club* credit cards. Membership fee also includes a subscription to the *Diners' Club* magazine, a monthly publication featuring famous writers and new member establishments.

**WHEREVER YOU GO** you'll find *Diners' Club* member establishments in every key city and resort area in the United States, Canada, Mexico, Cuba, Brazil, West Indies, British Isles, France, Italy, Germany, Spain, Switzerland, Australia — in fact, nearly every corner of the world, and your credit is good wherever you go.

### MAIL APPLICATION BELOW TO THE DINERS' CLUB OFFICE NEAREST YOU:

NEW YORK CITY (1): Empire State Bldg.  
CHICAGO (2): 33 N. La Salle St. • ST. LOUIS (5): 7811 Carondelet  
LOS ANGELES (46): 910 N. La Cienega • CLEVELAND: 1911 Terminal Tower Bldg.  
WASHINGTON, D.C. (6): Dupont Circle Bldg. • NEW ORLEANS (12): Int'l Trade Mart  
SAN FRANCISCO (4): 127 Montgomery St. • CANADA: 1323 Bay St., Toronto, Ontario

**\* THIS IS YOUR APPLICATION ... FILL OUT AND MAIL TODAY!**

<b>DINERS' CLUB 410 Int'l Trade Mart, New Orleans 12, La.</b>		<b>FOR OFFICE USE</b>	
full name _____		_____	
home address _____ city _____ state _____		_____	
home phone _____ rent home _____ own home _____ years _____		_____	
company name _____ nature of business _____		_____	
address _____ city _____ state _____		_____	
business phone _____ years with above firm _____ position _____		_____	
bank _____ branch _____		regular <input type="checkbox"/>	
charge accounts at _____		special <input type="checkbox"/>	
if new account, check here <input type="checkbox"/> ... if addition to existing account, show number _____		savings <input type="checkbox"/>	
<b>CHECK ONE ONLY</b> COMPANY ACCOUNT <input type="checkbox"/> bill to office address <input type="checkbox"/> PERSONAL ACCOUNT <input type="checkbox"/> bill to office address <input type="checkbox"/> PERSONAL ACCOUNT <input type="checkbox"/> bill to home address <input type="checkbox"/>			
\$5.00 annual membership fee: enclosed <input type="checkbox"/> bill me <input type="checkbox"/> (INCLUDES DINERS' CLUB NEWS. 1 YR. SUBSCRIPTION SIXTY CENTS) card holder assumes individual responsibility with company applicant			
signature of individual applicant _____			
signature of executive authorizing company account _____ title _____			



## HAITI'S

# Silent

Many thousands of Americans who have visited the Caribbean know Port-au-Prince, capital of the Republic of Haiti, as the busiest, noisiest, most colorful city in the islands. Its magnificent bay teems with fishing boats; bawling stevedores jam its quays; the streets—a startling conglomeration of old and new — are crowded with careening cars, weirdly decorated ancient buses, and people black, brown, and white. In the great Market which supplies the city's food, strapping women from the hills chatter and haggle deafeningly amidst the amazing fruits and vegetables which they have toted on their heads for many miles. Port-au-Prince, normally, is a laughing, bafflingly carefree, wonderful madhouse.

But one Monday last December, Haiti's capital was suddenly a dead city. The streets were almost empty. Shops, banks, and business houses were locked and shuttered. The Market was deserted, the fishing boats tied up, the wharves still. The 160,000 citizens of Port-au-Prince had gone on strike against the strongman and would-be dictator, 49-year-old Paul Eugène Magloire. "We don't stand much of a chance," said one businessman gloomily, echoing the opinions of many Haitians. "We have no guns, no organization. Magloire has the army. They'll start shooting people

any minute now. But we're going to try to get rid of him, even if we die for it." The fear and tension in the hot, still air over Port-au-Prince was almost tangible.

Over the Champs de Mars, a huge plaza dominated by the imposing, brilliantly white President's Palace, hung a brooding silence. Soldiers with bayoneted rifles stood tensely at strategic intersections, lined the Palace lawns and the streets around Army Headquarters and the Central Police Station nearby. Inside the thick-walled *Caserne Dessalines*, the army's principal arsenal, a tall, barrel-chested, black-skinned man in a glittering uniform strode angrily up and down in front of a group of nervous ranking officers of the *Armée d'Haiti*. "They think they can beat me with their strike, do they?" rumbled General Magloire. "I have 5000 well-trained, well-equipped soldiers. And I will use them. I am the ruler here, and ruler I will remain!"

**BEST-LAID SCHEMES . . .** General Magloire's scheme to make himself Haiti's dictator for life had started off smoothly enough. It was carefully planned on the lines of many successful Latin American *coups d'état*. Under the Haitian Constitution, a president cannot succeed himself. Magloire's six-year term was to end December 6, when the supreme execu-

tive power would revert to Haiti's Supreme Court until a new President should be elected, presumably in April, 1957.

On December 5, a number of time bombs went off in various parts of Port-au-Prince, killing and maiming. Simultaneously, Magloire's all powerful Chief of Police, Colonel Marcaisse Prosper, choked off the press and the radio and unleashed his formidable rumor apparatus. Soon everyone had it by the grapevine—a popular institution in Haiti—that a group of reactionary Haitian businessmen, led by wealthy planter-Senator Louis Déjoie and supported by United States Ambassador Roy Tasco Davis, were responsible for the bombings and were plotting to establish an authoritarian regime over the Republic. It was even rumored that United States naval vessels were in the vicinity ready to land troops. (This was far from incredible to the average Haitian, since United States Marines occupied the country from 1915 until 1934.) Thus the stage for Magloire's puppet show was set.

On December 6 — a Thursday — President Magloire at the Palace, accoutered in one of the most magnificent of his many remarkable uniforms, solemnly laid down the powers of his office. Then General Antoine Leval, the army's chief of staff and Magloire's right hand, made a broad-

*With a nation at stake, a would-be dictator's pat hand dissolves, trumped by the people's card — the Télédiol*



# REVOLUTION

COPYRIGHT 1957, LATIN AMERICAN REPORTS, INC. ALL RIGHTS RESERVED

cast to the nation. The Republic was in peril, he said in his precise military French. A great plot had been discovered . . . terrorists were at work . . . an authoritarian government threatened . . . the Supreme Court had refused to take over authority . . . the army, he announced, had therefore pleaded with General Magloire to accept indefinitely the powers of Provisional President and Commanding General. "It is my duty to the *patrie*," Magloire had answered, with tears in his eyes, "and I must, if reluctantly, accept the burden."

The stunned citizens of Port-au-Prince gaped at each other as the barefaced audacity of Magloire's assumption of the dictatorship became clear. Police Chief Prosper was ready for their reaction. Just as General Levelt stopped speaking, sirens began to scream and police patrol trucks, bristling with tommyguns, fanned out through the city.

**TUMBRILS ROLLED AGAIN.** Provisional President Magloire's first act had been to suspend the Constitution and declare a state of siege which gave the army and the police practically power of life and death with very little process of law. Within an hour, the police trucks were filing back into the gateway of the nearby main prison. Prominent and respected planter Louis Déjoie, most outspoken

critic of Magloire and leading aspirant for the next presidency, was one of the first booked on charges of terrorism and treason. Over a hundred more of Haiti's leading lawyers, teachers, businessmen, writers, and others on the dictator's proscription list were locked up.

Colonel Prosper's men were everywhere, with instructions to crush any spark of resistance. "His duty to the *patrie*," hooted an old peasant woman in the Market, "Hah, hah!" She was promptly taken into custody. In a café near the Palace, where politicians meet, a waiter smiled wryly at a colleague. "He accepts the burden, does he, of making a million dollars a year. I feel so sorry for him." A hand touched his shoulder and without another word he followed the detective outside. The guns of Fort National, by the harbor, had begun booming a presidential salute. "Our new master is saluting himself," guffawed a gnarled fisherman on a wharf and he, too, was led away. Yet the day seemed normal enough. Everyone went home at the usual hour. There were no crowds, no demonstrations.

That evening, at General Magloire's magnificent private villa a few miles away in the hills behind the city, a jubilant celebration got under way. Some 20 of the dictator's cabinet and other

principal henchmen were present. Colonel Prosper proposed a toast. "To Haiti's supreme leader — for many, many years to come," said the usually cautious, almost anonymous power behind the throne of the *Régime Magloire*. The others raised their glasses with enthusiasm.

His Excellency beamed on them all. He felt secure and unassailable. During the first years of his term he was unquestionably the most able president that Haiti had ever had. Eighteen hours a day the immensely energetic, well-educated and intelligent former army officer worked to repair the damage done by his two corrupt and inept predecessors, both of whom he had been primarily responsible for deposing.

**MANDATE IN SONG.** The new President undertook a long-range program for the country's improvement. A big irrigation project was begun, new schools and roads were under construction, the enormous problem of public health was tackled. Foreign diplomats in Port-au-Prince, chary from experience with Haitian presidents, came to see Magloire as a welcome contrast—an honest, stabilizing force. American businessmen learned to trust his judgment. The United States Government gave five million dollars in technical aid. Private American firms were ready with more. Hai-





ti's future looked bright, and the peasants in the hills had a song about their president which concluded with the line: "He can stay in the Palace as long as he wants."

And then the malady which has beset so many presidents of Haiti infected Magloire. There was easy money to be had, and his friends, Haitian and American, were full of suggestions. Tribute from government contractors, from candidates for key positions in the tax department and the national lottery, from businessmen wanting concessions began reaching him in increasing and tempting volume.

The magnificence of the presidential household grew steadily. The president's more elaborate uniforms came to cost \$1000 each. An aide always carried a gold box of His Excellency's special cigars. Madame Magloire and the very handsome ladies of the court appeared at presidential dinners and balls in Paris gowns and jewelry that made the diplomatic corps gasp. Chief of Police Prosper, on an official salary of \$4200 a year, built himself the showplace of Port-au-Prince's fashionable suburb of Pétienville—an imposing villa completely furnished by one of New York's most expensive interior decorating firms. Magloire's brothers, Jacques and Arsène, gained control of some of Haiti's most lucrative enterprises, including the export of tobacco.

**BUT . . . ME TOO!** Meanwhile Magloire began to look with increas-

ing envy at the career of his neighbor, Dictator Rafael Trujillo of the Dominican Republic, apparently entrenched for life. Gradually, with promises of wealth, the president bought over the leaders of the army, the key men of the Senate and Chamber of Deputies. "If Trujillo can do it," he remarked to a close associate, "so can I."

The events of December had evidently proved him right. Replying to Colonel Prosper's toast, Magloire raised his own glass. "Let us drink to our future," he boomed. "It will be a great one."

But the general was wrong. He had lost touch with his peculiar, individualistic people. They knew more about him than he thought—and they didn't like what they knew.

To the casual observer, the weekend that followed seemed normal enough. But under the quiet surface, Haiti had begun to simmer. American Ambassador Roy Davis and other envoys with their fingers on the country's pulse put their establishments on round-the-clock alert. "Now anything can happen," said one veteran of former Haitian risings. "The *télédiol* has begun to work."

An ancient weapon of the Haitians against oppression, the *télédiol*—the Creole expression for "the word of mouth"—is a unique Haitian system of gathering and disseminating accurate news which is as effective today as it was 163 years ago when

Haitian slaves were revolting against their French colonial masters. Within 24 hours, despite draconic police measures to shut down every channel of communication, the details of General Magloire's *coup* were being discussed by most of the 3½-million citizens of the republic—85 percent of them illiterate peasants on tiny farms in the island's mountainous interior.

By Saturday afternoon the people of Port-au-Prince knew that the rest of the country was behind them, and that a general strike was set for Monday—by common consent.

**TÉLÉDIOL SAY "NO".** "How is it done?" an American with long Haitian experience was asked. "It's hard to explain," he said. "When they're in trouble, they all seem to talk to each other and decide somehow on a common course of action. And then things happen—fast."

To supplement the *télédiol*, the powerful feminist movement of Port-au-Prince set up headquarters in the Roman Catholic Cathedral. While Masses and other religious services were going on, fliers and instructions to the public were written out by hand and distributed by children who had accompanied their mothers to church.

On Monday morning, December 10, nine-tenths of the capital's 300 commercial and industrial enterprises failed to open their doors. The rest were preparing to suspend operations when Magloire met with his officers in the *Caserne Dessalines*. Colonel Prosper reported that this was more than an economic strike. A group of high school students had written an attack against the government down in innocent-looking copybooks which they had passed around to their teachers, families, and friends. No one had come to school that morning. Lawyers suspended their cases; the courts were empty and the judges had gone home. Worst of all, the market women had stopped coming down from the hills and there was very little food in the city. "We can't, Your Excellency," said the Chief of Police, "arrest that many people."

"Then I'll show you how it's done," purred the big man. "I'll put an end to this myself." Minutes later a column of cars sped down the main shopping street, halted in front of its biggest store, and spewed heavily armed men of Magloire's personal bodyguard, with the general himself in the lead. The store's doors were just being closed, its personnel beginning to leave. "Open up," roared Magloire. "Get back to work at once, all of you, or take the consequences."

**TOMMYGUN PERSUASION.** Under the muzzles of a dozen tommy-

guns, they silently obeyed. Up and down the street stalked the general, and shop after shop opened its doors. "Open if you must," whispered the *télédiol*, "to avoid the violence he wants to start. Then close up again and disappear." No sooner was Magloire back at his headquarters when this policy went into effect. For a crucial 48 hours, Port-au-Prince simply kept rolling away from the dictator's punches.

Tuesday afternoon, Magloire's mood was grim. He issued orders for 32 of the capital's leading merchants to come to the Palace at once. "You will commence business as usual tomorrow morning," he warned, "or, believe me, you and your families will suffer." He banged a paper down on the desk. "You will all sign this pledge." With just the right combination of reluctance and meekness, the 32 signed. "You will all admit," Magloire continued, that the strike was organized by American firms which have contacts with my opposition." Solemnly, they all nodded. Triumphant, the government radio station announced that the strike, formented by Americans against the will of the Haitian people, was over, and everyone would be back at work in the morning.

Again the *télédiol* went into action. It was unimpressed and even amused by the tableau at the Palace, about which it knew all the details. Shops shut tight, and most of the merchants who had signed the pledge disappeared.

**TOO LATE, EXCELLENCY!** Trembling with fury, Magloire listened to the report of his chief of police. "Get those men," he said softly, "wherever they are. Don't stand for any resistance." Chief of Staff Levelt shook his head. Many of the younger officers, he said, were showing signs of insubordination. "Then we'll shoot some of them," bellowed the general. "The men won't do it," Levelt replied quietly. "They've come to feel the way the people do. It's too late for violence, Your Excellency."

For a dangerous moment Magloire

draw himself up to full height, his face a mask of anger. And then, as suddenly, his face cleared. "Very well, then," he rumbled. "We will change our tactics."

It was the old, majestic Magloire that appeared before the assembled presidents of the Senate and Chamber of Deputies, Justices of the Supreme Court, and the other great of Haiti on Wednesday afternoon. The people of Haiti, he boomed solemnly, had obviously decided against him, and he would as always obey their wishes. Chief Justice Joseph Nemours Pierre-Louis would now take over as provisional president until elections could be held. Chief of Staff Levelt conferred the blessings of the army. The chief justice pompously accepted the helm of state, and announced that all political prisoners would be freed at once.

Port-au-Prince went mad with joy. Shouting crowds of people suddenly swarmed through the streets, bottles of rum went from hand to hand, strangers hugged each other. And then, suddenly the capital's jubilant celebration came to a grinding halt. Magloire, said the *télédiol*, was still commander of the army, and as such still dictator. He intended to remain just that. The freedom of Haiti would not be safe until he left the country.

Obediently, on Thursday morning, Port-au-Prince remained closed. Food was getting very scarce. Eat stale crackers, anything, said the *télédiol*. But keep calm. Don't riot. Don't do anything.

**C'EST FINI.** That afternoon, a group of young officers set out for the general's villa. They were nervous, but determined. "Your Excellency must go," said their spokesman.

Magloire, behind his desk, smiled at them. "You wouldn't dare undertake anything against me," he rumbled.

"We don't intend to, sir," was the quiet answer. "We have too much respect for you. We will simply remove your guards. The crowd, sir, is very angry by this time. It will take care of the rest."

For long moments the big man stared at them. Then, slowly, he stood up. "*Alors, c'est fini.*" He smiled again. "We shall be at the airport at six."

Within an hour, the usually lazy airport of Port-au-Prince began to teem with soldiers. At all intersections nearby stood police trucks. Just at dusk down a back road onto the field's apron dashed a column of big cars, to halt alongside a transport plane of the Haitian Air Force. Out of one of them the former dictator of Haiti hoisted himself heavily, to be surrounded instantly by a tight cordon of grim, armed officers.

Magloire smiled. "Why all this armed might? Do you think I might try to escape?"

A captain smiled in return. "Oh no. We are here to protect you from the anger of a good many people. *En avant, mon général,*" he added quietly, pointing to the plane.

A few minutes later, accompanied by Madame Magloire and a large number of heavy trunks which she had prudently packed, ex-President and ex-General Paul Eugène Magloire was on his way to the British colony of Jamaica, and exile for life. Haiti's remarkable, unanimous, and bloodless revolution against its would-be despot was over.

On Friday morning, the streets of Port-au-Prince were again full. In the Market, the hill women were noisier than ever. The capital was its old carefree self, looking forward to the election campaign which will mean free rum, dancing in the streets, and general excitement.

The little country was far from stabilized, however. Because he did not move fast enough to investigate corruption in government, Provisional President Pierre-Louis was in turn forced to resign under popular pressure, and still another interim administration was established. Legislators and candidates sought a formula for a free election that would be acceptable to the people, who were alertly watching. As one Haitian put it, "We just don't like dictators."



# THE RACE FOR 170,000,000 LATIN CUSTOMERS

*Skyrocketing populations, rapid urbanization, expanding industrialization . . . These are the dynamic forces of the Latin American market whose growth has been extraordinary . . . whose future is unlimited.*



What is this great economic entity called the Latin American market? What will be the effects of the area's sudden burst of urbanization and industrialization? What of the consequent shift in the economy from agrarian to manufacturing-mining? What does the future hold — particularly for the United States?

Here are the authoritative answers from a scholar and spokesman in the field of economics and international trade. Now assistant professor of economics at Michigan State University, Dr. Pedro Carlos Maximo Teichert presents in this account an illuminating analysis of the potential of the Latin American market with a finger on the "constants" and a practiced eye on the

"variables." He has written and lectured widely on Latin America—particularly on the development of the several national economies. Underlying his primary absorption with Western economy is his deep conviction that the Hemisphere represents the last depository of Western democracy, that our many neighbors to the south must not be neglected in preference to commercial ventures in more distant parts of the world. As for the future, a strengthened Hemisphere will be achieved through a more genuine understanding of Latin America's problems and an expanding trade pattern along with a healthier flow of investment capital.

In the whole vast saga of Twentieth Century growth and prosperity no chapter is being written more quickly than that in Latin America, where expanding national economies spurred by rapid industrialization are the order of the day. Spelled out in terms of a quickening flow of trade goods and venture capital, a bold new investment front is rapidly assuming sharp definition.

Much of the driving force has emanated from strengthening commercial ties with the United States. Witness the trade pattern; discounting military items, Latin America furnishes the United States with 30 percent of its imports, while buying 25 percent of its exports. In all, some \$7 billion flow back and forth in trade channels—a 500 percent increase since the mid-Thirties—almost twice that now exchanged with the Far East and nearly the same amount which moves in the well-grooved tracks to Europe.

Similarly with private investments; \$6.5 billion—representing 37 percent of the nation's venture capital abroad—has found an outlet in Latin America. Significantly, this is being increased at the rate of \$400 million annually.

But handsome as these figures are they will fade into insignificance if future expectations are realized. The real index to the Latin American mar-

ket potential is the area's skyrocketing population. Between 1930 and 1950, the total census of Latin America jumped 76 percent, as compared with gains of 46 percent in Africa, 44 percent in the United States, and 28 percent in the Far East. At this rate of increase—which is twice as fast as the world average—the total Latin American population by the turn of the century will be double that of the United States and Canada combined. This means that Mexico, for example, should have 56.8 million people by 1980, as against 30 million today.

**BIG CITY, MORE MARKET.** The significance of this phenomenal growth lies not so much in its sheer volume but rather in the concurrent pattern of expanding urbanization and industrialization. It is on the basis of this well-defined trend, rather than on mass population figures, that realistic estimates of increasing per capita output, productivity, and purchasing power can be forecast.

A basis for prediction already has been defined in terms of increased average yearly earnings of workers e.g., in the ten-year period ending in 1955, agricultural wages rose 27 percent to an overall \$320 (1950 dollar equivalent). The pay of industrial workers—who earn about four times more than agricultural laborers—climbed 23 percent to average over

\$1150; while that of miners surged upwards 35 percent to \$3500. Most important, by 1955 industrial employment demands were twice in excess of the available labor force; demands which evidently are still growing as industrialization programs gain momentum. All of this spells a continued farm-to-city movement, urbanization, and in turn, increased wages to satisfy new consumer demands. In short, an ever-broadening market.









**BUT WHOSE MARKET?** The Latin American market assumed startling proportions immediately upon the close of World War II, when goods-hungry, dollar-solvent Latinos went on an unrestricted buying spree. United States manufacturers, scarcely bothered by competition from war ravaged Europe, supplied about two-thirds of Latin America's merchandise in imports.

The first flush did not wear off until two years ago when total imports declined slightly by about 5 percent, but the United States' share of that market sagged from two-thirds to a bare half. Granted that the United States still is far and away the largest supplier of Latin American imports (\$3.1 billion worth in 1955) . . . that it leads all competitors in every major import category . . . that gains have been scored in three lines: metal manufactures, petroleum products and paper goods. But sizeable



# EXPORTS TO LATIN AMERICA

(MILLIONS OF DOLLARS)

COUNTRY		1950	1954	1955
UNITED STATES		\$2,661	\$3,126	\$3,113
WEST GERMANY		158	513	504
UNITED KINGDOM		443	334	322
FRANCE		213	249	257
CANADA		155	222	190
ITALY		133	148	184
JAPAN		41	179	170
NETHERLANDS		57	114	140

SOURCE: United Nations, *Statistical Year Book 1955*, Economic Survey of Latin America, 1955.

declines of grain and textile exports; substantial losses in various machinery and equipment lines, while sales of autos, construction equipment and chemicals are barely holding their own.

More to the point, foreign competition for the Latin American market is moving briskly forward. Largest in-roads have been made by West Germany, which lies second to the United States as supplier of three out of the five categories representing 95 percent of Latin American purchases abroad. Japan, the Netherlands and Italy also have made impressive gains, while Britain's position, on the other hand, has declined. In one instance, competition has arisen within the area itself: Venezuela now meets 37 percent of its neighbors' needs in petroleum products.






**NO DOLLARS, NO TRADE.** Needless to say these marked shifts in Latin America's foreign trade pattern are not whimsical, but rather responsive to certain measurable pressures.

**Production prices:** Generally, mass production items that required a relatively large capital outlay compared to labor costs can be supplied at a competitive price by the United States. But where the ratio of labor increases,

*Bogotá works steadily to keep pace with industrial expansion*



## PERCENT OF LATIN AMERICAN IMPORTS FROM SELECTED COUNTRIES—1955

		U. S.	W. GERMANY	CANADA	UNITED KING- DOM, W. GERMANY, FRANCE & CAN- ADA TOGETHER
	FOOD, BEVERAGES AND TOBACCO	68		12	17
	RAW MATERIALS AND FUELS	39			5
	CHEMICALS	63	11		28
	MACHINERY AND TRANS- PORTATION EQUIPMENT	61	12		25
	OTHER MANUFACTURED GOODS	49	12		32

SOURCE—The Chase Manhattan Bank, Latin American Business Highlights, June 1956, Page 3.

foreign exporters frequently can undersell the United States product. Example: electrical generating equipment of non-standard dimensions requires extensive hand labor. When labor costs rose, export sales from the United States dropped from \$235.2 million in 1951 down to \$161 million in 1955—a 32 percent plunge. Sales from West Germany and Britain showed a 50 percent gain for the same period.

*Meeting local needs:* Well aware of gasoline shortages in Latin America, European manufacturers have switched to the production of diesel-

powered tractors. Consequently while the sale of United States manufactured gasoline-engine tractors fell 40 percent, West Germany and Britain increased their shipments by 300 percent.

*Import finance terms:* Active, practical measures by foreign governments to enable the proffering of favorable credit terms to importers naturally prompt trade shifts. One measure: government underwriting insurance of commercial export credit risks. Exporters in those countries accordingly can obtain financing of up to five years from commercial banks

or special credit institutions. Financing is not only more easily obtainable but less costly. Thus foreign exporters have a certain amount of financial margin to lure Latin American purchasing interest away from competitors in the United States. Suffice to say that the Export-Import Bank participated in only 3 percent of all export financing in 1955, as opposed to 20 percent by credit institutions in Britain.

*Availability of dollars:* Perhaps the most important factor affecting the competitive position of this country's exporters is the availability of U. S. dollars. Confronted with dollar shortages, Latin American nations seek to control diminishing reserves by various restrictive measures, e.g., on U.S. products. Sales have fallen drastically in Argentina and Brazil because of shrunken dollar reserves, and risen commensurately in Mexico and Venezuela where dollar earnings are being increased.

Patently, realistic and aggressive measures reflective of these conditions — better merchandising by private business and a strong assist on credit terms and currency controls by government and private banks — are needed urgently if the United States is going to compete successfully for the Latin American market.

**COMPETE FOR GROWTH.** Equally important to future planning is the realization that the Latin American market is not static. At the present rate of economic growth, by 1970 the market might show:

▶ Local production aggregating \$100

*And in Caracas . . .*





*Kaleidoscopic skylines merit double take*

billion annually, as against the 1955 level of \$48.2 billion.

► Total population up 60 percent to 275 million.

► Imports from the United States valued at nearly \$7 billion—more than double the current volume.

► Intensified competition for that market as European and Japanese producers tailor their products, selling methods and credit terms specifically to Latin needs.

Even more to the point is the realization that the Latin American market of the future will not be simply a larger version of that known today. Consumers' tastes certainly are subject to change; moreover, the effects of local industrialization will make for replacements of many imports. A greater number of firms in the United States can be expected to establish branch plants in the area, producing as much as two-thirds of the dollar volume of imports from this country. Today they supply 50 percent of that value. Such a development would mean increased demands for investment goods and a distinct shift in import patterns.

As a matter of fact, this trend has become increasingly evident through the past two decades with the declining importance of consumer goods and sharply increased imports of fuel and capital goods. Raw material im-

ports have dropped too. Argentina has proved an exception to the latter, although a sharper-than-average drop of consumer goods imports offsets the gains scored with raw materials.

**FASTER, FASTER.** Further industrialization should accelerate this trend. All of which bodes well for this country's volume of business in the area since assembly line methods in the United States put it in a favorable competitive position for the sale of capital equipment.

The actual speed of this industrialization, hence its calculable effect upon size and nature of the Latin American market, admittedly is subject to many factors not controllable in the area itself, e.g., world conditions, and competitive demands from other regions for goods and capital investment. Based on the rate of growth measured during the past two decades, however, the overall Latin American economic development should continue at four percent each year (a remarkable 5.4 percent was scored in 1945) compared to three percent in the United States.

One assurance of growth is the demand for Latin American export products, of which the United States is the largest buyer. And since the national economy of the United States may well double by 1975, the nation's dependence on foreign sources for raw materials and fuels will jump

commensurately.

Fortuitously, Latin America produces many of the commodities for which demands in the United States are increasing vigorously, e.g., petroleum, coffee, metals and oils, and a variety of manufactured luxuries. Ideally, if production boosts can keep pace with United States requirements, Latin America could export \$7 billion dollars worth of these items by 1975, thus balancing off nicely estimated purchases.

**HOME TIES.** An important part of the whole picture in Latin America is the role of locally established branch plants of United States firms. In all, this is representative of a \$1.2 billion investment (compared to \$192 million in 1936). Notably, manufacturing investment grew on an average of \$57 million yearly from 1940 to 1950; at this point the rate skyrocketed to \$200 million. Calculating that the manufacturing establishment will continue to expand at the rate of at least \$100 million a year, by 1975 a thundering \$3.5 billion will have been invested in locally-operated U. S. plants alone. If this is realized, they will contribute \$4 billion worth of products to the commerce of the area. At the same time, the overall manufacturing establishment constitutes a sizeable market for parent companies back home.

Needless to say, before this tremendous potential is realized some





*Ecuador—in the way of progress—traversed by newly completed railway*

pretty formidable barriers have to be hurdled. In many instances dangerously accelerating inflation must be curbed. Food production by and large needs to be stepped up appreciably, particularly in view of expanding urbanization. Moreover, food imports strain the area's balance of payments by diverting credits from development programs. Still another problem is the marked shortages of power and fuel so badly needed for stepped up industrialization. Finally, a more concerted effort must be made within the present framework to increase the production of exportable goods, thus creating cash balances and credits for the needed imports. As a matter of fact, export earnings have increased during the post-World War II period, but only because of more favorable terms of trade. In the long run, there must be a measurable increase in the physical volume of goods exported.

Of even greater consequence is the focus and realism of economic programming by the various Latin American governments. Traditional commitments to certain courses of policy—often with overtones of excessive nationalism colored with emotionalism—inevitably stave off investment interest and inhibit trade ties. For the most part this takes the form of protection-

ism—particularly in connection with mineral reserves and fuel.

**POST-TEST REALITY.** In other instances, there is the sometime inclination to over-emphasize industrial developments at the cost of needed agricultural expansion. But as a whole economic planning is emerging from its experimental phases, and forging ahead in realistic terms.

These problems, after all, are symptomatic of the times... of nations

seeking to expand and develop their economies rapidly on the basis of sometimes only newly achieved political stability. Taken on a whole, the amazing recorded growth of the past two decades shows the enormous vitality and great adaptability which characterize the Latin American economy. It is this record that enables a confident forecast of the development yet to come and the market that lies awaiting.

*"New Look" with phosphorescent glow in Costa Rican capital city*





*With competitive quality goods at lower prices and liberal terms, foreign manufacturers are capturing a growing slice of the Latin American market. . . . The answer for U. S. firms—realistic salesmanship.*



The vital development in Latin America since World War II has caused the market potential of this area to gain amazing proportions. It is hard to believe that United States manufacturers, who annually expend tremendous sums

to nurture sales and promote salesmanship par excellence here at home, could ignore to such a great extent this very tangible, proximate source of revenue. So contends Martin Lowe, 35-year-old Director of Promotion, Foreign Sales Division of the Bostitch Company of Westerley, Rhode Island. Furthermore, Mr. Lowe has not only made the statement with authority . . . he has proved it.

Since 1953, when Mr. Lowe first began reorganization of his sales staff in Latin America, the sales of the Bostitch Company have doubled. Other companies which have taken a second look at their obsolete marketing techniques and followed through with vast changes to meet the individual conditions and bountiful demands of these individual countries have met with the same ever-growing profits.

Martin Lowe in his article gives an

accurate breakdown of the failings of North American firms in their ineffectual dealings with Latin America.

The answer in capsule is this: Lack of know-how on the part of local salesmen and distributors accounts for the grand imbalance of over-all sales with buying potential. For this situation Director Lowe recommends the "Bostitch remedy"—more careful selection and screening of sales personnel, better and more extensive training programs; in effect, what he calls realistic selling, with special attention to the vital element of selling—the human factor. This he offers to be the essential ingredient, for the day of long-distance dealings with our Latin American neighbors is over. In short, the sales are being made in the field and those who want a share in this dynamic market would do well to apply this "Bostitch-proven remedy."

South of the Rio Grande is one of the fastest expanding retail markets in the world today—170 million potential customers for every kind of consumer product, from automobiles and washing machines to phonograph records and bobby pins. Not just luxury goods for the swank set, but the whole vast array of standardized, assembly-line products for home and office that are part and parcel of today's living standards; items which either are not produced in Latin America at all, or at least not in sufficient quantity to satisfy demands.

This swelling appetite for goods naturally has spurred foreign transactions upward to unprecedented levels. Manufacturers in practically every line—many of whom are just becoming aware of this gigantic market—are making a vigorous effort to step up their export business. It is no exaggeration to say that the discovery of new markets outside continental United States—of the Latin American market in particular—is causing a revolutionary turn in the organizational set-up of business-minded firms. For many this reflects the realization that sales of their products in Latin America depend on many factors en-

tirely different from those affecting sales in their own domestic markets.

Experience of the past few years has shown conclusively that Latin America must be made a regular and permanent sales outlet instead of a "dumping ground" to siphon off excess inventory because of decreased demands at home. Hundreds of companies, sales conscious and profit-minded, are forcefully going after export business. For them the rewards show up plainly on the balance sheet in terms of increased sales, and collaterally, with increased job opportunities and a widening reputation.

Of course this is not a universal story. Even among firms who have become export conscious, who may have a product eminently suitable for the Latin American consumer, there are many instances of an inability to click in that market. Suffice to say that as the buying power of the Latin American market increases, competition among exporting manufacturers of consumer items in the United States is becoming more tight. More significant, now for the first time since the flush days following World War II, manufacturers and exporters are finding it tough to meet and beat

foreign competition in Latin America.

**FIERCE COMPETITION.** There is no question of the fact that European and Japanese manufacturers are making a strenuous effort to broaden their stake in the Latin American bonanza. There is no gainsaying the fact that with an increasing range of competitive quality products, liberal credits, and long-term payments, they are scoring impressive successes. Not just in lines that U.S. manufacturers have neglected or ignored, but in many fields where our products have had well-entrenched sales records.

True, some of this success on the part of foreign competitors has been enabled by subsidies and favorable financing terms granted them by their respective governments so that they can under-price U.S. products. And after all, the Latin American buyer confronted with two comparable products is going to contract for the lower price, particularly when there are better terms available on top of that. Business is business.

Yet even in the face of these sometimes very stiff foreign competitive conditions, an impressive number of United States firms have successfully expanded their export operations and



*Hungry bulldozers creating Venezuela's 97-square-mile earthen dam*

are in fact creating an even bigger demand for their products.

The answer is patently simple—*better merchandising and realistic, creative salesmanship.*

On the face of it, what nation in the world is better prepared to meet such a challenge than the United States? Where else are such fantastic sums spent to pre-condition the market through advertising and public relations campaigns . . . to probe, analyze, and define consumer buying habits and desires through market research . . . to develop sure-fire sales techniques for all kinds of products in every crook and cranny of the domestic market?

Where else but in the United States do companies and industries allocate such big chunks of their operational budget to build up highly trained sales forces? After all, definition of

the market and its pre-conditioning for individual products are only groundwork for the salesmen themselves. Important, sometimes indispensable preparation, it's true, but in the end the deal can only be closed by a salesman—whether there is a contract to be signed involving thousands of dollar's worth of parts and supplies, or a box of pencils over the counter.

**KNOW THE MARKET.** Think of the dollars and time spent on developing effective sales forces; the continuing emphasis on training. Good salesmen are made, not born. Colleges and business administration schools, even many high schools, offer classes in salesmanship. The more successful consumer-product manufacturers have long since maintained their own company training classes where theory and practical exercises

are combined and taught by experts. Know the market . . . know the product and how it fits into that market . . . know the competitors' product and why yours is better. Those are the watchwords. And with it all, a grooming of the salesman himself; his appearance, his personality. Sales clinics have become every-day affairs. Practice sessions with fellow trainees carefully tape recorded and then played back so that techniques can be perfected. And again, know your market, know your product—and how best to sell it. A familiar story here in the United States.

Yet paradoxically, this is not common practice in developing a sales force for the Latin American market. Notwithstanding the fact that there are some 20 different republics from Mexico on southward to Argentina, there is a strange insistence on

the part of many manufacturers to regard this as one vast homogeneous economic entity.

**TWENTY FOR ONE.** Twenty different countries: different people, buying habits, wants; different stages of economic development; different market conditions within each country (as in the United States) let alone, compared with each other. And besides that, big differences in foreign exchange conditions and credits. Yet for all of that, a short-sighted tendency to regard the whole as one vast sales territory approachable in one place much like another—and fundamentally as in the United States.

So often those very companies who have spared no effort to gain and cultivate customer good will, completely disregard their own hard-proven sales methods and sales psychology in dealing with Latin distributors and prospects. In many instances sales distributorships are set up on no greater qualification than an impressive letterhead and a few bank references, with no inquiry into their sales re-

cords with other Stateside manufacturers. For some mysterious reason it is assumed that he is a good salesman himself, and that he will train and manage a staff of salesmen to handle the product.

This vital relationship, which necessarily becomes the keystone of sales efforts in that city, area or country, is followed up by general correspondence, letter quotations and product literature—oftentimes in a language incomprehensible to the distributor and his salesmen. Literally hundreds of companies in the export field have for years dealt with representatives and distributors they have never seen.

Those proportionately fewer companies that sent home office executives on periodic circuit tours of the distributorship did not improve on the situation a great deal. So many times the man from the front office was hauled around on a more or less ritualistic tour of regular clients; more than likely he secured or witnessed current renewals of standing orders, and then after a bit of soci-

ability skipped along to the next country on his agenda where the whole process was repeated.

**HIT & RUN.** Traveling on a tight schedule, more often than not there was little opportunity to study the local sales organization, to see what the bugs were and what could be done to boost sales of the product in that area. As a result, "on the scene" evaluations provided an incomplete and inconclusive picture; whatever the situation on his arrival remained substantially the situation after his departure. Almost invariably the sudden sales surge generated by his visit was short lived, terminated usually by his "goodbye until next year."

Is it any wonder that manufacturers in the United States haven't begun to scratch the buying potential of Latin America? Apathy, lack of understanding of the foreign distributors' problems, and the absence of frequent personal contacts—these are the real barriers to the expansion of our trade with Latin America. It is this short-sightedness that is permitting European and Japanese competi-

*Guatemala's Atlantic Highway: from market to market*

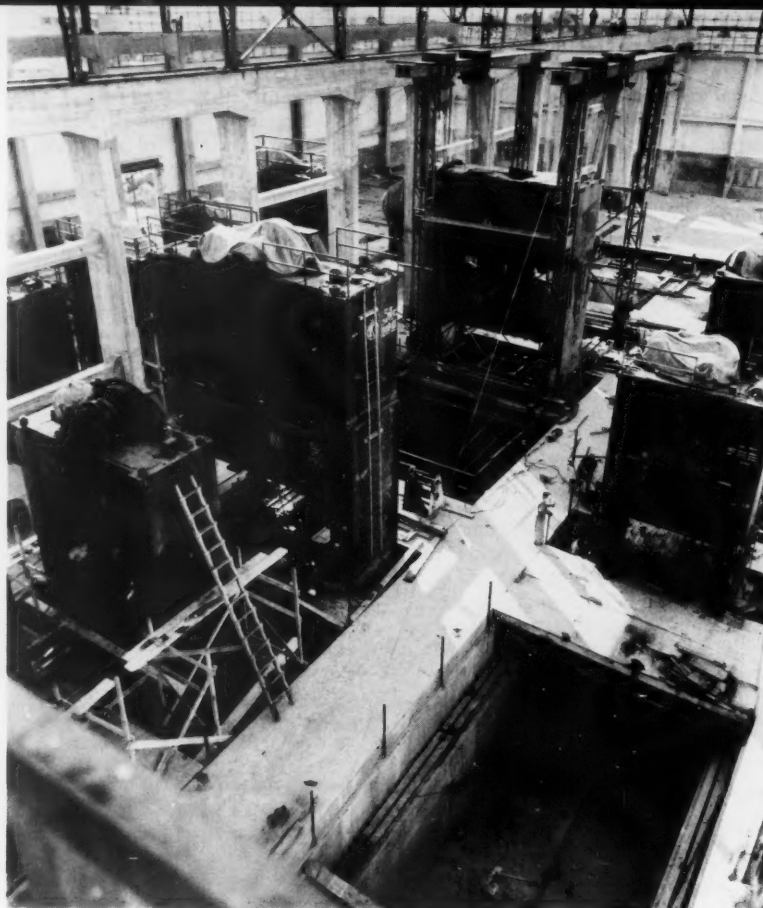




tors to carve out greater slices of the market unchallenged.

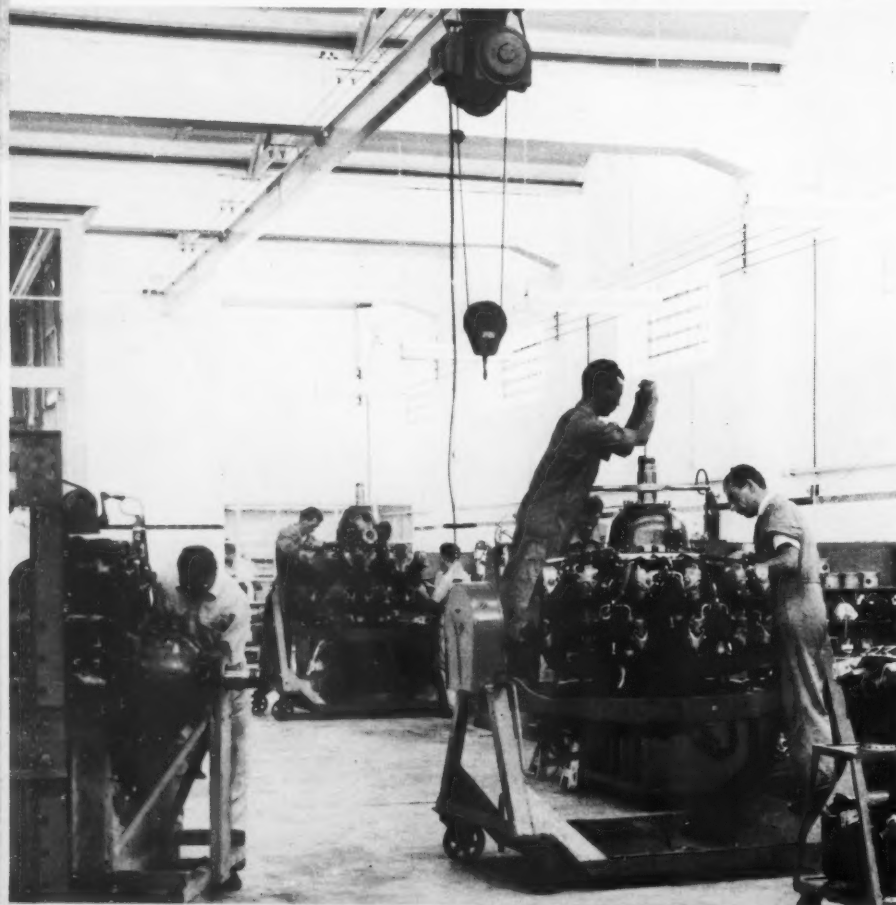
The weakest point in the whole system is the lack of meaningful contact between the company and those actually doing the selling. The company executive-foreign (local) distributor relationship—often sketchy at best—simply is not enough. It is the salesman, after all, who is the key figure. It is he that contacts the prospects and “sells” them on buying the product. He is the one who services the accounts and develops onetime, trial-basis buyers as steady customers. Many times he is the only advertising medium of the company in that area. He is, in short, the vital link between the manufacturer and the customer, and he cannot be replaced easily because there is not a reservoir of good salesmen in Latin America. They are at a premium.

Yet until recently Mr. Foreign Salesman has virtually been Mr. Forgotten Man. Despite their real dependence on his ability to develop a market for their camshafts, fingernail polish and insecticides, an amazing number of home offices know little or nothing about their foreign salesmen. Even to whether he was getting enough take-home pay on his sales to keep up his interest in selling the line. Low sales in relation to the market



*Monumental strides in industry . . . In Brazil, Varig aircraft*

*. . . In Argentina, modern Kaiser press plant*



potential naturally result.

**MR. KEYMAN.** To overcome this situation an increasing number of farsighted companies have undertaken vigorous promotional programs keyed to the education and proper “on-the-spot” training of their foreign salesmen. Bostitch for example, to promote the sale of its office and industrial fastening machines has revamped its whole distribution set-up abroad. Primarily this has meant adapting merchandising methods and techniques long successful in the United States to individual market characteristics of each Latin American country.

Distributors and representatives have been shown the advantages of a modified United States—type territorial and zoning plan for their salesmen. But the principal focus has been on these salesmen themselves. First, an orientation on the essential uses and applications of the entire Bostitch line—which comprises over 800 models of staplers and wire stitchers. Then the development of creative salesmanship; clinics in which teams “selling” each other probe and learn the points of sales resistance of Latin customers, then onto the street to put it to the



test on a sales route, with further get-togethers at the end of the day to see what went right and what went wrong. Old stuff in the United States, but by and large, not so in Latin America.

All it takes is the investment of some two or three weeks of time. And the results . . .

In Venezuela, as of October 1955, Bostitch had a part-time distributor who was handling a variety of other lines, such as drugs and milk products, with one salesman. A little analysis of the sales potential coupled with a lot of legwork, and the distributor was convinced that Bostitch products could be pushed as his most important source of sales. At the end of a month, two full-time trained salesmen were working the line, and the volume of sales promised need of a third. And along with this, many "firsts" were accomplished: telephone book listings in all major cities, special Bostitch letterheads, invoices and business cards, and a modestly-budgeted advertising campaign. In four months sales had been upped by 30 percent.

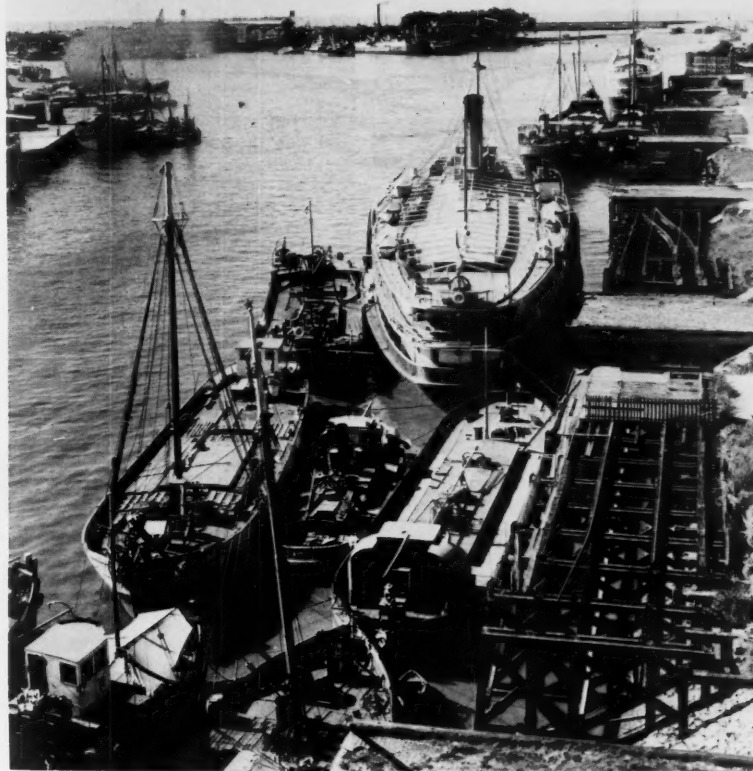
In Colombia, four months of orientation and training prompted orders for 5200 machines of all types, more than had been shipped into the country for the preceding nine months.

One month in Ecuador with salesmen in Quito and Guayaquil resulted in sales equaling Bostitch's volume there for the previous five years.

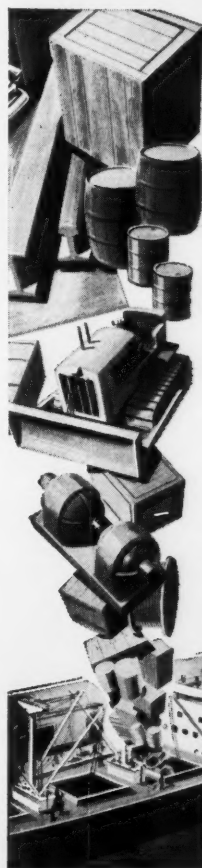
**SALESMANSHIP=PROFITS.** These are but capsule examples of results which add up in the overall to a doubling of sales throughout Latin America, which are paving the way to the opening of new markets and new revenues.

Other companies too—General Electric, Necchi, Olivetti, Volkswagen, to name a few—have been pursuing far-reaching sales-training promotional programs with outstanding results measurable in upward surging revenues plus untold returns in good will.

It all adds up to the fact that times have changed. The Latin American market is bigger than ever before, and its demand for consumer goods is increasing at an unprecedented rate. But the Latin American consumer is now more selective than ever before; he has to be "sold." Safe to say that those companies who deal only through letterhead representation are being squeezed out, for competition is becoming keener all the time. But for those who go after the market with realistic, creative salesmanship the future is unlimited.



*Buenos Aires: Gateway to a dynamic market*



## Shipping Lifeline of Inter-American Trade

To serve the needs of growing Hemisphere trade, Grace Line places at the command of shippers a modern fleet of 26 dependable "Santa" ships. To exporters and importers alike, "Santa" service is a lifeline of inter-American trade.

Through year-round schedules, through modern ships and dock-side facilities, Grace Line continues to encourage the development of two-way Hemisphere trade and travel.

### FAST, WEEKLY AMERICAN FLAG SERVICE

Between New York and other Atlantic ports and Netherlands West Indies, Venezuela, Colombia, Panama, Canal Zone, Ecuador, Peru (Bolivia), Chile.

Between U.S. Pacific Coast Ports and Mexico, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Canal Zone, Colombia, Venezuela, Ecuador, Peru (Bolivia), Chile.



## GRACE LINE

3 Hanover Square, New York 4, N.Y.  
Agents and Offices in all Principal Cities

PORTRAIT OF A CITY



# RIO

## de JANEIRO

*the City Marvelous*





*Patient artisans at work*

### *Rio de Janeiro!*

Even in the imagination of the unadventurous and the perennial stay-at-home, this magical name conjures up visions of curved foamy beaches, lush tropical vegetation, elaborate mosaic sidewalks and of an existence excitingly foreign and exotic. For Rio belongs to that exclusive clique of cities which possessively wear an aura of fascinating éclat—an aura which soars up like an eager genie replete with enticing images at the mere mention of its master's name.

Like Paris, Rome, Singapore, San Francisco or New York, Rio possesses certain distinctive characteristics which set it apart. It is more than size; more than activity. It is an intricate composite of natural and man-made factors happily blended into that rare product: uniqueness.

Foremost in Rio's unquestionable right to membership among the elite of the world's cities is its location. This setting has been described as breath-taking . . . incredible . . . indescribable. For once, these superlatives are warranted. The approach from the sea is superb. Famous Copacabana leaps into sight, a shimmering

crescent of ivory sands and even, clean-scrubbed buildings thrown into bold relief by a dark green curtain of foliage and rock. To the right of Copacabana the coastline becomes rocky, hilly, and there suddenly, projecting skyward like a gigantic thumb, rises *Pão de Açúcar*, Rio's unmistakable Sugar Loaf mountain. Once past the austere massiveness of Sugar Loaf, which reaches a sheer 1296 feet, the enchanted viewer finds himself inside the enormous and island-specked Bay of Guanabara, with Rio wondrously decorating miles of the left shore.

The Portuguese navigator, Gonçalo Coelho sailed into the same bay on New Year's Day, 1502. Convinced that he had wandered up the mouth of an enormous river, he named the spot Rio de Janeiro—River of January. But it would be another 65 years before the official founding of the settlement of São Sebastião de Rio de Janeiro was to take place. About mid-sixteenth century, the enterprising French, taking advantage of Portugal's complacency, built up an active trade with the Indians along the bay's left bank. Finally irked into action, the Portuguese colonial government sent in a task force headed by a young officer, Estácio de Sá. After intermittent battle spaced over three years, the French and their Indian cohorts were expelled in 1567.

**Christ in Concrete.** Little did these warriors dream what their battlefield of huts and jungle would look like in three centuries. Not far from where they struggled now stands Praça

*. . . on famous prismatic sidewalks*







*Rio's Ministry of Education: Symbol of Today*

*Among the monoliths—Modernity*



Mauá, an ample waterfront plaza called Rio's vestibule. The 100-foot wide canyon leading up to it is Avenida Rio Branco, one of the city's principal arteries. Its long, parallel row of handsome skyscrapers ends at an inset of the bay a mile beyond. Towering Sugar Loaf looms in the background. Rio Branco, in the heart of the business district, is lined with impressive brazilwood trees and patterned with the charm of Rio's unique mosaic sidewalks. For miles beyond it, to the south and west, extends the wonder that is Rio, erratically bisected and quartered by broad thruways, delightful seaside drives and narrow, short-lived streets that run smack into the whimsically-placed mountains.

Forever overlooking this paradoxical panorama of beauty and disorder is Christ the Redeemer. From atop the 2310-foot peak of Mount Corcovado (Hunchback), a Christ in concrete serenely holds out his arms over the Brazilian capital. The huge statue was emplaced on its imposing pedestal in 1931 to commemorate Brazil's first centenary of independence. Sculptured by Paul Landowski of the French Institute, Christ the Redeemer stands 130 feet from base to head; its hand alone weighs eight tons, its head, 30 tons.

Understandably, Corcovado vies with Sugar Loaf as the city's greatest natural attraction. The mountain peak can be reached by rail and over a recently completed road. The vista that greets Corcovado's visitors is truly of unparalleled magnificence. In the brilliance of a tropical sun sprawls the great city, flanked on the one side by a verdant-covered wall of stone and washed on the other by the white-topped rollers of the Atlantic. On the bay side, white sails, ocean liners and countless islands dot the blue-green waters. Untainted by the bustle and raucous sounds of modernity from below, the lofty view embodies a depth and tranquility which is almost overwhelming. With reason Brazilians think of their capital as a languorous, reclining woman. Seen from Corcovado she has softness and gentle curves, breast-like mounds and exciting, colorful finery.

Amid all this visual splendor live, work and play some 2,700,000 *cariocas*, as Rio's inhabitants are called. The Indian word means "white man's home", a term the natives first applied to the settlement and its European founders. Although Europeans—and other foreigners—still abound in Rio, the city is primarily populated by home-grown *cariocas*. Like their city, the *carioca* is above all, individualistic, independent and free-thinking. In his expressions he adopts a



casual, almost philosophical, attitude towards life, leavened by a spontaneous wit and an invincible *joie de vivre*.

**Cafézinhos & Gossip.** The *carioca's* joviality manifests itself daily—in his business relations, his home life or his social activities. Thousands of times each day *cariocas* run into friends in the street, and dash arm in arm into the ubiquitous coffee-shop for a *cafezinho* (little cups of strong coffee consumed endlessly throughout the day) and to exchange the latest gossip. The theme may be political, personal or parliamentary, but whichever, it's bound to be spiced with a dash of humor. Everyone and everything is fair game for the *carioca's* satirical jab or good-natured ridicule. Public figures, buildings, services, incidents—all are liable to become subjects for fanciful stories or nicknames. Rio's antiquated street-cars, open on both sides better to pack in the usual throngs, are called *bondes* because their purchase, ages ago, was underwritten by a bond subscription. The clandestine but universally played numbers game, *jogo do bicho* (animal game), got its moniker because it came into being as a promotional gimmick to increase attendance at the Rio zoo. The bookmaker for this popular game is called a *bicheiro*, literally, animal keeper. The new American Embassy building, with its many bottle-green windows, has been dubbed the Rayban building—after the sunglasses trademark.

Rio is a happy city. That quality is obvious in the delight of its sights, the fragrance of its gardens and the gaiety of its people. At no time is this spirit of merriment more evident than during the annual carnival season. During the four days preceding the beginning of Lent, Rio and its populace surrender unconditionally to the fun-pursuing commands of Momus. From the crustiest of Rio's society to the humblest of its desperate slums, the city throbs to the drum-beat and the gay samba. Probably no other carnival celebration in the world can match Rio's for magnitude, enthusiasm and wholesale participation.

In true Latin American fashion, Brazil maintains a tightly centralized government. Consequently, Rio, as the nation's capital, is overrun with government offices and stultified with bureaucracy. The federal government employs upward of 100,000 persons in its many departments. The municipality of Rio has close to another 100,000 workers. Considering families and all, this means at least one million persons—over a third of the city's population—are dependent on government payrolls for their liveli-



At dawn: More practical aquatics on Copacabana

hood. It is generally recognized that the government is grossly overstaffed, but as yet nobody has been able to do anything about it.

One long-standing plan hopefully designed to check the spread of bureaucracy and alleviate Rio's increasing congestion, has recently come back into focus. It involves moving the federal capital to a new city, Brasília, to be built in the highlands of Goiás state. Realization of this project, however, is still many years off, if it happens at all. And meanwhile, the business of running Rio continually wallows knee-deep in red tape.

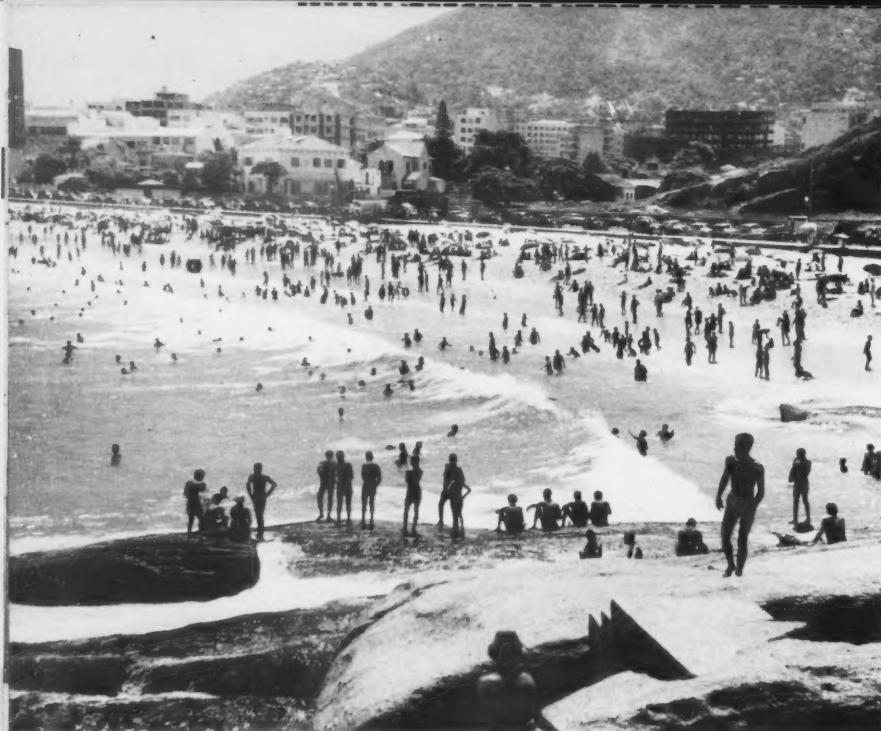
The city of Rio is in a special territorial and administrative federal district, much like Washington, D. C. The mayor, whose actual title is Prefect of the Federal District, is appointed by the President. Division of responsibility between federal and municipal government is peculiarly arranged. National funds, for instance, support the city's fire department, most of the police force and foot the astronomical public light bill. The municipality in turn maintains the schools' several hospitals and sanatoriums, many of the numerous parks, the Opera House and a mammoth stadium, Maracanã, which can accommodate 150,000 spectators. Since *cariocas* are almost as devoted to soccer as they are to their carnival, Maracanã bulges with avid fans during the soccer season.

**Egg-Crate Architecture.** Although "big government" has brought Rio its headaches, it has also brought

many of its blessings. Some of the city's outstanding buildings are maintained by the government. Catete Palace, Brazil's White House, is a lovely three-story mansion of granite, rose marble and Lios stone. A classic example of Italian neo-classic architecture is represented by Itamarati Palace, mirrored in a long pool guarded by imposing royal palms. But Rio's architecture on the whole leans towards the modern—almost exclusively pioneered locally.

The architectural revolution of Rio caught fire some 20 years ago, about the time France's famed LeCorbusier visited the country. His ideas partially influenced two young architects, Lucio Costa and Oscar Niemeyer, in the design and construction of one of the city's most famous structures, the Ministry of Education. Raised on bold cylindrical columns to free the ground area, this rectangular 16-story building is entirely of glass on its long sides and of pinkish-gray native granite on the short sides. Adjustable louvers to control the sun's light and heat provide its famous egg-crate characteristics. Novel use of traditional materials, e. g., hand-painted tiles, add delightful decorative touches. Unlike United States architecture, the Brazilian movement uses reinforced concrete rather than a steel structure as a fundamental of skyscraper construction.

Few metropolises live as intimately with nature as Rio does. Its many *morros*—as *cariocas* call every prominence—lend the city much of its



*Cariocas enjoy Rio's second choice surf, Ipanema*

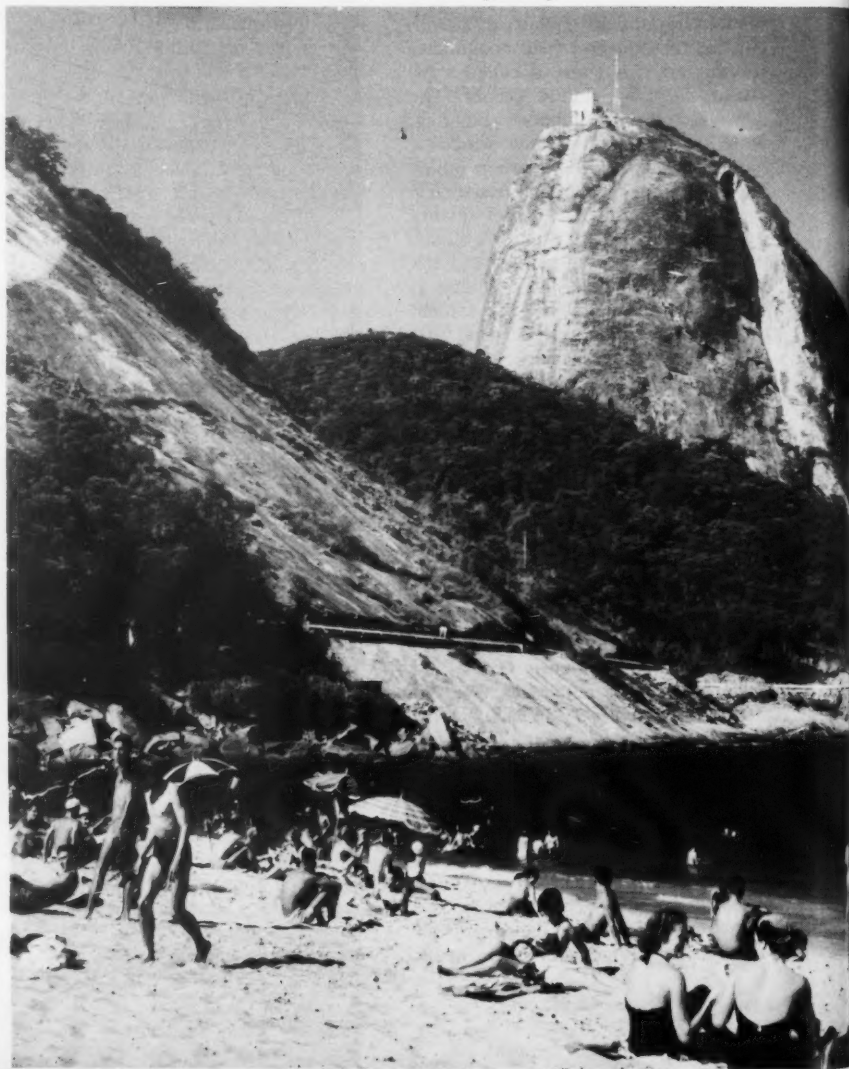
wild beauty, but also create some of its worse problems. Wall-like, they may soar out of some one's backyard for hundreds of feet or unconditionally mark a street's dead end. To the enthusiastic alpinist they are a delight. On a Saturday afternoon he may indulge in his favorite sport without having to go any farther than across the street or around the corner. But to the city engineers they are a calamity.

As a result of these natural barriers, Rio has grown like a stream following a boulder-strewn bed. Rivulets of civilization have poured between and around the giant monoliths, seeking space here and there for a block of construction or maybe just for one building. But there is only so much room for such half-measures. A bolder resort adopted by the city government involves a head-on attack on nature herself. At the moment, Morro de Santo Antonio, which rears itself attractively but annoyingly just off Avenida Rio Branco in the business district, is being leveled under an army of pneumatic drills and bulldozers. The estimated 140 million cubic feet of earth resulting from this demolition project is being dumped into the bay—as fill-in for a projected speedway. Some 35 years ago, historic Morro do Castelo (it was around this hill that the original settlement developed) suffered the same fate and was laid out flat to provide a foundation for Santos Dumont airport. There are

several tunnels in the city and a new one is nearing completion, but these also offer only partial relief.

**Room for the Dead.** Other factors compound Rio's space problem. The city's population grows at the rate of 70,000 a year; the metropolitan area is expected to cross the 3,000,000 mark by 1960. Industry, from gigantic assembly plants to minor hosiery establishments, continue to settle around Rio, taking up precious land and attracting in turn more job-seekers from the hinterlands. There are over 5000 industrial establishments around Rio, accounting roughly for 30 percent of the country's manufacturing. The city's antiquated water system is incapable of meeting the growing demands; maximum water production is 200 million gallons daily. The city needs at least 300 million. Power shortages are not infrequent; only two-thirds of the demand for telephones is presently satisfied and the transportation crush has made an empty bus or streetcar a rarity. Thus in Rio dry faucets and dimmed lightbulbs are not uncommon, and for someone less philosoph-

*Sun, sand and Sugar Loaf*





Monroe Palace—Senatorial Sanctuary

ical than the *cariocas*, these can be maddening irritants.

The pressure of all these problems has caused Mayor Francisco Negrão de Lima to describe Rio as a "besieged city" lacking adequate "transportation . . . thoroughfares . . . hospitals . . . schools . . . food supply system," and being "without homes for everybody . . . or enough room for recreation and no place to bury the dead." To cope with these near-catastrophes he has called for a five-year public works plan which so far has been hamstrung by a deficiency of funds. One of the city's most ambitious dreams envisions the construction of a subway to ease transportation difficulties.

Most of these planned improve-

ments probably would elate the well-to-do residents of the plush outlying districts and suburbs: Botafogo, Copacabana, Ipanema, Leblon and Gávea, to name a few. Dwellers of these self-contained residential areas, with their own shopping centers, hospitals, schools and entertainment, live comfortably, even luxuriously, and thus are more apt to find the effects of a city's growing pains quite distressing.

At the other pole of the economic sphere are some 400,000 inhabitants of the *favelas*, Rio's mountain-clinging shanty towns. For them water and power shortages are remote problems, since they lack these services to begin with. Picturesque from a distance, the *favela* shacks seen up close are deplorable, breeding grounds

for disease, corruption and *macumba*—Brazil's voodoo-like black religion. The *favelas* are an eyesore to the city and a frustration for the government, for curiously enough, many of these slum dwellers resist efforts of the government to move them to housing projects.

Enormous as these grievances appear, to the average *carioca* they are merely part of life's everyday challenge. They make good butts for the *carioca's* satirical wit and, to a few musically inclined, meaty subjects for a tuneful samba. In no case are they reason to nourish a grudge against their city, that fabulous metropolis they have affectionately nicknamed, in true *carioca* fashion, *Cidade Maravilhosa*—The City Marvelous.



# A MEXICAN TEMPLE AND THE TOLL

Somewhere in the desert south of Durango, in the heart of Mexico, there stands a temple, vainly rebuffing the ravages of time. Where once in colonial days the proud Spanish Dons came to worship, and the Padres ministered to the heathen—now the buzzards come to roost in its ornate belfry. Yet still it stands—leaning proudly against its arched buttress—a symbol of faith.

And faith it has inspired in some, who have taken up the temple's mute plea and sought for it the help of passers-by . . . "ayude a este templo."

Passers-by are many, for the highway to Mexico City

passes in front of this churrigueresque façade, and the attention of many a hurrying

tourist is snagged by a haunting glimpse into the past. Some no

doubt feel a sympathetic remorse. But that soon passes.

The ancient temple is forgotten among the wonders of a modern

Mexico. And help is slow in coming to the temple. Too slow.

The years will parade by as they have in centuries past.

The vultures will continue to roost in the bell tower

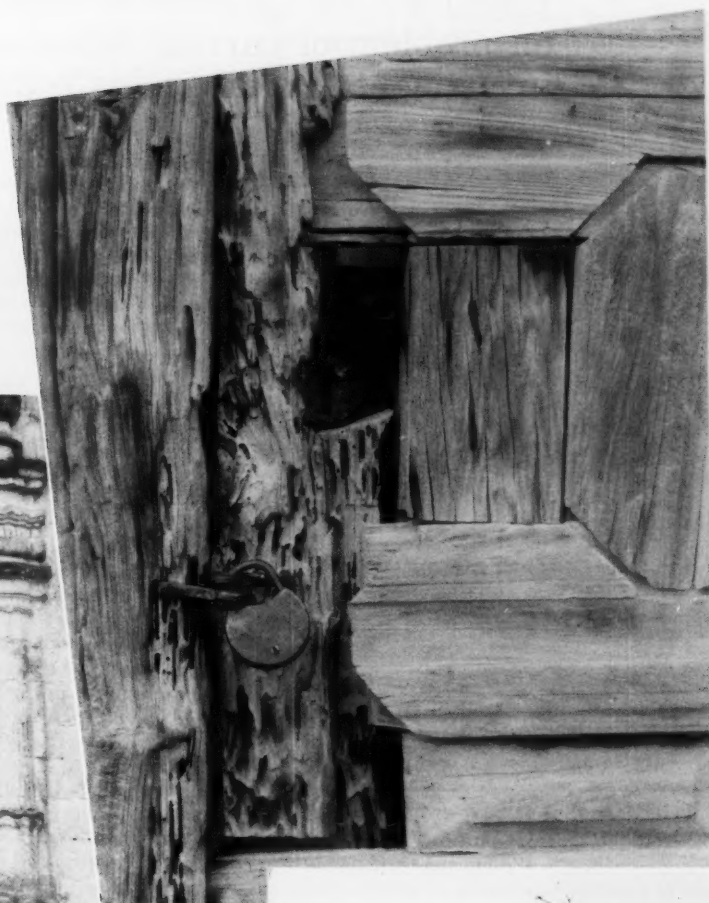
as long as it stands; rattlesnakes will take

refuge in its rubble; termites

will eat away the wood



# TOLL OF TIME



from about the rusty padlock on the great, carved doors; and stone by stone the crumbling masonry will return to dust from which it arose. The past will give way to the future, however reluctantly, and time will take its toll of the stately temple, as of all things.



## INTERVIEW: ERNANI DO AMARAL PEIXOTO

Brazilian Ambassador speaks realistically on problem of current deterrents to flow of U. S. investment capital to his country . . .



**Biographic Note:** Of those ambassadors representing the nations of Latin America in Washington, perhaps none is better primed to execute the exacting duties of a plenipotentiary's office than is His Excellency Ernani do Amaral Peixoto. In retrospect, the posts and offices both of his naval and political careers forged links in a chain which led progressively to this top diplomatic posting. Graduated from the Brazilian Naval Academy in 1926, Admiral Peixoto possessed capabilities which were soon recognized when he was singled out as naval member of the Brazilian delegation to the Geneva Disarmament Conference in 1932. Then after a tour of active duty he was appointed Aide to President Getúlio Vargas.

The next link in the chain, however, was struck from a different metal—that of political ores when he sought and gained office as governor of his home state, Rio de Janeiro. Here, from the instant of his inauguration, the youthful governor sparked a momentous program of public works, e. g., highway construction, hydroelectric installations, and the institution of health and education facilities.

During the war years, other meaningful links in the chain were forged. Recalled to active service, he played an important role in shaping U. S.-Brazilian relations in a series of White House conferences with President Roosevelt. One aspect of this was a vigorous campaign at home, chiefly among students, to break ties with the Axis powers (which incidentally won for him the popular title of "Commander of Youth").

In all these roles—which encompassed problems of international scope at the conference table, of national concern at the governor's desk, and of hemispheric import that took him to the White House in Washington—Peixoto

displayed such an appreciation for reality and a capacity for work that his path was marked with many successful milestones.

After the war, Peixoto returned once more to the political arena as one of the founders of the Social Democratic Party, moving forward with characteristic vigor in the party hierarchy: Constituent Assemblyman, member of the board of directors, and then chairman of the Social Democrats—a post from which he is now on leave of absence. And paralleling this, increasing prominence in political office: representative to the Federal Congress . . . then again governor of the state of Rio de Janeiro. These several links in the chain—naval service, party politics, and elected office—indeed have provided the Ambassador a singular perspective upon the problems facing Brazil today.

In speaking for Brazil, Ambassador Peixoto is ever mindful of President Kubitschek's personification of Brazil's present economic struggle as the "crisis of growth"; yet, in every way Peixoto is optimistic, believing as he does that her problems are "difficult but not unsurmountable."

Speaking in Rio last July, Peixoto stated that he "deplored a tendency in Brazil to allow the desire to protect the interests of the country to take the shape of 'aggressiveness in relation to other peoples whose friendship and relations we always cultivated and must conserve.'"

Later in the fall of last year, he touched on the other side of the story while addressing a group at a testimonial luncheon in his honor in New York City: "When considering a country, and trying to understand it, one must take into account the mental attitude of its people within the framework of their possibilities, deficiencies and capabilities."

His deep understanding of the needs of his own country coupled with his frank cognizance of her limitations has enabled him to represent realistically Brazil's interests in the United States.

**Q.** The need for exchange reforms and inflationary controls has been cited in United States investment circles as one of the major bars to the increased flow of investment capital to Brazil; have measures yet been enacted to resolve this problem?

**A.** Exchange instability or currency depreciation and instability of prices or of costs of production do not create a favorable climate for foreign investments in any country. Exchange reforms and inflationary controls may be misleading words. Inflation has to be stopped before exchange stability can be achieved, without the use of exchange restrictions and import controls. Registration of foreign capital which guarantees the transfer of profits at a preference rate of exchange and the repatriation of capital in a reasonable time is a device to avoid the deterrent effect of exchange instability and controls. Such a device has been adopted by many countries. The Brazilian Government is well aware of the situation with regard to inflation—and the policy of credit restrictions is a classic step



in the right direction already adopted. At present the deficit of the federal budget is one of the main problems of Brazil. Our government considers that it is essential to solve it for the purpose of stopping inflation. President Kubitschek and Finance Minister Alkmim are engaged in a bitter fight in order to reduce the deficit. The balancing of the federal budget is the great task on which Minister Alkmim has embarked. No one can deny that in a few months the present administration can already show some achievements.

**Q.** Recent expressions in the Brazilian Congress demanding the nationalization of foreign banks and the enactment of regulations to prevent the deposit of federal, state and municipal funds in foreign banks certainly connote animosity toward foreign investments; to what extent does this represent the investment climate in Brazil?

**A.** Recent nationalist expressions with regard to foreign banks cannot be interpreted as a general trend of animosity against foreign investments. They have the character of personal opinions in a free country and have never been sponsored by responsible officials nor by financial leaders and they do not represent public opinion at large.

**Q.** Is there a possibility that legislation will be enacted to prevent the exodus of currency—profits from investments funded by United States dollars—as proposed by a São Paulo deputy?

**A.** There is no discrepancy of opinion that foreign capital is needed for the economic development of the country. Nobody can envisage a system according to which foreign capital can immigrate to Brazil without any possibility of the transfer of profits and of the repatriation of the capital. It is a question of means and conditions for transfer and for repatriation as in any other country under exchange controls. Brazilian people are intelligent enough not to invite foreign investors to be trapped.

**Q.** Has a program been undertaken to adjust the \$160 million trade imbalance with the United States that was recorded for the first half of 1956?

**A.** The Brazilian trade balance with the United States is favorable to Brazil. In the first half of 1956, as mentioned in the question, the Banco do Brasil bought a considerably greater amount of dollars from exports than it sold for imports and other payments to the United States. This trend persisted in the second half of 1956.

**Q.** How will the abrogation of Brazil-United States agreement to explore jointly for uranium affect plans for the development of atomic energy power projects?

**A.** The new orientation of the Brazilian atomic policy will not be detrimental either to the development of our resources or to the collaboration with agencies of the United States Government. We are going ahead normally according to plan.

**Q.** Will this not really serve to retard, if not to

prevent, atomic power development and therefore handicap measurably industrialization programs in view of existing power shortages?

**A.** Assuming that atomic power development could very soon supersede existing power installations it is evident that the Brazilian authorities would take the appropriate steps to prevent any handicap to the industrialization programs.

**Q.** Notwithstanding the outlawing of the Communist Party of Brazil in 1948, its strength reputedly is now at least 60,000 members. Further, the party contended that it mobilized 500,000 votes favoring President Juscelino Kubitschek in the 1955 election. What is your assessment of the real strength and influence of the Communist Party in Brazil today?

**A.** The assessment of real strength and influence of the Communist underground party in Brazil is a matter of guesswork. I believe that in some states they voted for the present chief executive. In others, however, it has been ascertained that they voted for the opposing candidate. As they could not register for their own, they had to vote for the candidates of the democratic parties. At present, after the tragic events in Hungary and elsewhere we can surely assume that it is at a very low ebb. Those tragedies opened the eyes of many people.

**Q.** Can it be anticipated that oil shortages in Western Europe in consequence of the Suez situation will accelerate development of the Brazilian petroleum industry? In what way?

**A.** Oil shortages in Western Europe, chiefly if their duration is a long one, are a matter of concern in Brazil and will probably bring some acceleration to the Brazilian petroleum industry. This acceleration is likely to bring about more oil drillings and to increase the refining facilities and the means of oil transportation.

**Q.** What are the principal facets of the Brazilian industrial program now under way, and in active contemplation?

**A.** Power and transportation are two great problems in Brazil. It is useless to import machinery for our industries if we have no power to put it to work. Also, every year we suffer great spoilage of agricultural products, and particularly of foodstuffs, due to difficulties of transportation. Once these two great problems are overcome substantially, there is a whole range of key industries that must be established or developed in Brazil.

**Q.** What is the anticipated future direction of trade with the United States—consumer products or capital goods; under what trade terms?

**A.** It can be anticipated that the direction of trade with the United States will be chiefly in capital goods and certain raw materials without excluding consumer goods such as wheat and some other agricultural products. The magnitude of the need for capital goods in Brazil is such that we can reasonably expect that we will find credit facilities in the United States.

## JOSÉ MARÍA ALKMIM



### *... Brazil's globe-trotting diplomat of finance*

In April, a dynamically industrializing Brazil, with a strong assist from the United States Government and certain North American utilities companies, will pull the switch on a new \$200 million, five-year plan to boost the nation's electric power output. When completed, a badly needed additional life line of power will have been thrown to Brazil's industrial development, now bogging under the strain of overloaded generators.

To some extent this is the key to Brazil's economic cipher: fabulous strides forward marking the progress of recent years . . . but progress accompanied by increasing strain. Internal boom . . . but soaring living costs which threaten a continued upward spiral along with rapidly mounting population figures. Last year industrial profits on investments were almost canceled by the currency depreciation. If this quasi-inflationary condition is to be checked, realistic steps must be taken promptly to restore this country's financial health which is tipsy with foreign debt and

dizzy from budgetary deficit.

**Salesman Extraordinary.** Chief draftsman of the financial blueprints now taking shape is a short, impeccably dressed man in his late 50's who hurried into New York's Pennsylvania Station last October 1st to board sleeping car No. 1640 of the Knight's Keystone for Washington. This was but one more stop on a busy itinerary which since July had been filled with engagements on both sides of the Atlantic—seeking loans, preparing the way for private investors, trying to work out a formula for liquidation of outstanding obligations, and first, last, and always promoting Brazil wherever he went. For Senhor José María Alkmim—Brazil's extraordinary Finance Minister, who might more aptly be called an alchemist of high finance—this was all in a day's work. A week of conferences with certain New York bankers had ended; now he was going on a one-day visit to the capital to have luncheon with the United States Secretary of the Treasury, George Hum-

phrey, and to see Eugene R. Black of the World Bank. Equally important, he wanted to brief the Brazilian Ambassador, his old friend Admiral Ernani do Amaral Peixoto, on all these meetings so that the important follow-up talks could begin.

The Minister's meetings with the International Monetary Fund and the World Bank at their 11th annual session had been heartening. Alkmim was encouraged by the many expressions of goodwill and friendship from the chiefs of international and American financial agencies. More than once he spoke of his gratitude for the warm cordiality which had been extended to him throughout his visit to the States.

On repeated occasions he had made this appreciation known to the press when questioned on his impressions since his arrival. "I think that the position of the United States toward Brazil and Latin American countries in general is much improved because of the meetings of the Monetary Fund and World Bank," he stated. "There were representatives from all countries of our Hemisphere and nearly all of the other countries. They expressed their views with complete frankness and in an atmosphere of great cordiality." He felt his opinions were heard by them ". . . with the best spirit of understanding and goodwill."

Concerning the remarks and viewpoints expressed by Secretary Humphrey, Dr. Alkmim reported that his and the remarks of all United States officials ". . . gave proof to all nations, European as well as Asian, of the Americas' desire to exchange



*Brazil's Alkmim (center) captures rapt attention of John F. McKiernan (right) and Arthur L. Ransohoff—President and Chairman of the Board, respectively, of the National Coffee Assn., of U. S. A.*

ideas freely and to encourage good results in world economy for a better future (of the world)." And he concluded: "The American civilization has a patrimony of progress (and technical progress makes part of occidental civilization) which is very precious to the whole of Latin America."

**"Not Mere Gifts."** When addressing the World Bank and International Monetary Fund he stated his case simply: "The economic development of the more backward areas has been recognized by the governments represented, not just as a fortunate opportunity to invest available capital but, on the contrary, as a veritable imperative, as an essential condition to the full recuperation of the post-war world and the betterment of the standards of living of the populations."

The access to the means of progress and prosperity cannot be looked upon, anymore, as a mere gift or bargaining element, but as the right of the peoples, the exercise of which will benefit the human race as a whole."

And furthermore, that such a loan "... cannot be confused with the mere placement of surplus capitals, with immediate objectives and devoid of politico-social meanings."

Watching this vital man speak, one finds reflected in his volatile, mobile expressions and vast compass of gestures a man of deep sensitivity and lively good humor. Those who know the Minister, who work with him, attest to the fact that he is hard-working, dedicated in every sense to the task before him—and that this task is no small one.

New York, Paris, Geneva, Madrid—these spots are quite a span from his tiny village of Bocaiúva in the State of Minas Gerais, the same village of his good friend and President, Juscelino Kubitschek. No matter how far his country's affairs take him, he always manages frequent visits with his family to whom he is devoted. Whenever possible Sra. Alkmim accompanies him. One of his sons, Leonardo Fonseca de Alkmim serves him as secretary. His other son, José Maria, frequently travels with the Minister's party.

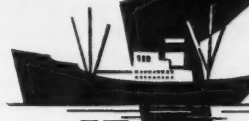
**Future Unlimited.** Substantial progress has been made in the way of obtaining dollar loans and renegotiating payments agreements on outstanding Government debts. Both of these steps are of primary importance. Since January 31, 1956, inauguration date of the Kubitschek administration, other measures have been effected to buttress Brazil's economic structure; however, the problem of full-fledged internal boom versus foreign exchange remains. Cocoa and coffee sales in 1956 helped to strengthen the

trade balance and hopes are high for the first six-month period of this year. In the way of loans, one of \$35 million was made to the National Steel Mill for equipment to expand production and a loan of \$25 million was made to the Santos Jundiá Railway for materials and equipment sorely needed. Because of Brazil's heavy obligations, an agreement was also reached in respect to certain payments falling due to the Export-Import Bank. On these, adjustments could take effect in the event future dollar exchange availabilities should dip below levels recognized as essential to Brazil's basic requirements.

It is too soon to see what 1957 holds for Brazil, but, if the last six months of 1956 can be considered a prediction—the outlook is bright. Expansion last year of her multi-lateral payments agreement with Western Europe, Export-Import Bank assurance of \$151 million line of credit to complete the financing of projects examined by the Joint Brazilian-United States Economic Development Commission, continued flow of investment dollars from abroad into Brazilian industry, and refurbishing of harbors, utilities and transportation facilities proclaim a new era in Brazil's dynamic expansion.

*The Better to Serve*  
**YOU and YOUR SHIPPING NEEDS**  
**THE PORT OF HOUSTON**  
**STARTS \$12 MILLION**  
**IMPROVEMENT**  
**PROGRAM**

The twelve million dollars does NOT include a \$1,200,000 dock now being built out of current income. It will be ready late in the fall of 1957.



**THE IMPROVEMENT PROGRAM**

PROJECT	TAX SUPPORTED BONDS	REVENUE BONDS
Three Wharves and Docks	\$3,900,000.00	
Two Transit Sheds	600,000.00	
Roads and Paving for Access to Docks	200,000.00	
Railroad Facilities (Addi- tions and Betterments)	1,750,000.00	
Foreign Trade Center	550,000.00	
Two Storage Facilities		\$ 500,000.00
Dredging (Rights of Way and Spoil Disposal Areas)		850,000.00
Bulk Handling Facilities (Green's Bayou)		1,000,000.00
Gantry Crane		100,000.00
Marine Leg Installation to be used in conjunction with Gantry Crane		150,000.00
Replacement of Shops and Repair Facilities		80,000.00
Locomotive Cranes and other such equipment		500,000.00
Rehabilitation of Wharf No. 1		500,000.00
Unforeseen Items and Contingencies		1,320,000.00
Total	\$7,000,000.00	\$5,000,000.00

*Always Ship Via the*

**PORT OF HOUSTON**

Executive Offices: 1519 Capitol Avenue (at Crawford)  
P. O. Box 2562, Houston 1, Texas; Telephone CA 5-0671



# Books

## IN REVIEW

### Great Spanish Stories

Edited with an Introduction by Angel Flores. The Modern Library, New York, 1956, 490 pages, \$1.45

This collection of 16 stories is a welcome omnibus of Spanish fiction. In its introduction, Angel Flores outlines the history of the Spanish novel rapidly and accurately. Unfortunately, one minor printer's error—the date of birth of Pérez de Ayala is 1880, not 1890—distorts the chronological picture of the 20th century.

If we pay little attention to a certain stilted quality English acquires when rendering a tumultuous language like Spanish, the translations are usually competent, at times felicitous. The one exception is Martin Armstrong's version of "The Three-Cornered Hat." Besides his poor choice of words, Armstrong often mistakes the meaning of the original, and, in one case—when a harmless *incontinenti* becomes *incontinently* (p. 25)—his inaccuracy threatens to make a gay and moral tale a bit gayer.

We find in *Great Spanish Stories* the old favorites of the 19th century: "Master Pérez the Organist," a story of the supernatural written with the delicacy of Bécquer's own poetry; "Torquemada in the Flames," one of the most pathetic studies on avarice by Pérez Galdós; Leopoldo Alas' "Doña Berta," in which a solitary woman tells the secrets of her monotonous life. But in the selections of the 20th century we miss the most famous names: Gabriel Miró, Azorín, Pío Baroja, and also some delightful humorists like Gómez de la Serna and Antonio Espina. And yet it is heartening to realize that even without their names an anthology can be so rich.

Besides the 19th century masterpieces, the outstanding "Saint Manuel Bueno, Martyr," by Unamuno, must be of special interest to the American reader. Without for a moment failing

to hold our interest as a story, it unfolds with dramatic intensity Unamuno's desperate philosophy of hope.

Pérez de Ayala's "Prometheus" comments with pessimistic irony on the hopes of a superman of the turn of the century. Valle Inclán's "Sonata of Autumn" brings back after half a century its atmosphere of boudoir and morgue—a combination dear to our grandparents.

After reading the old masters once again, we find something surprisingly new and haunting in the works of the young. Cela's "The Village Idiot" and Max Aub's "The Launch" are stark and poignant; Ayala's "The Bewitched" and Gironella's "The Cathedral of Hearts" are disquieting in their fancifulness and accuracy.

Recent writers of Spain seem to have inherited a passion for the mysteries and the horrible from the Romantics and a documented coldness from the Realists and Naturalists.

—Bernard Gicovate

Spanish Department  
Tulane University

### La Filosofía en el Uruguay en el Siglo XX

By Arturo Ardao  
Fondo de Cultura Económica  
Mexico, D. F., (*Spanish*), 1956  
193 pages.

Philosophy in Latin America came of age during the first quarter of the 20th century, after more than 100 years of preliminary activity that depended considerably on religion, politics, and literature. The transformation and subsequent expansion of philosophy were due to the able work of such writers as Vasconcelos and

Antonio Caso in Mexico; Korn, Ingenieros, and more recently Romero in Argentina; Varona in Cuba; Destua in Peru; and Vaz Ferreira in Uruguay. With the exception principally of Ingenieros, the thought of these men is in varying degrees speculative, intuitional, vitalistic, and libertarian, in contrast to the scientism, empiricism, and determinism of the positivism that pervaded Latin America toward the end of the 19th century.

The contribution of Uruguay to the contemporary ferment of ideas is shown by Ardao to be both considerable and increasing. In addition to lesser figures referred to in the statements introductory to the five parts of the book, 17 thinkers are dealt with at length and in as many separate sections. Of this number, six are primarily philosophers; four are men of letters; one is a painter and another a biological scientist; and five are educators, jurists, or men of public affairs.

This classification is a rough one, but it serves to show the diversity of the sources of philosophic thought in Uruguay and, by extension, of Latin America generally.

Philosophy is not dominated by specialists, who are necessary for the maximum development in this field as in other fields. But it has widespread vigor and suffers from no academic cloistering.

Contemporary Uruguayan philosophy is divided by Ardao into five parts. The most affluent is a broadly empirical philosophy, which counts among its adherents Carlos Vaz Ferreira, Uruguay's leading philosopher, and José Enrique Rodó, her leading literary figure.

Of comparable magnitude is materialism, which falls into two camps: one a scientific and dynamic materialism, the other Marxist or dialectical materialism. These two movements account for 12 of the writers singled out for extended discussion. The remaining types are idealism, Roman Catholic philosophy and philosophy of culture.

The book is an admirable survey of recent Uruguayan philosophy. It holds faithfully to the specifically philosophical content of the field. It is written with exceptional clarity, economy and organization. Emphasis is on exposition with closely related interpretation; criticism is not sought, and a high degree of objectivity is attained in the treatment of many and opposed philosophies.

The book is the first of a series, "History of Ideas in America," which is appearing under the general direction of Leopoldo Zea. The compe-

tence of this opening volume promises well for the series.

—Arthur Berndtson  
Associate Professor of Philosophy  
University of Missouri

## América Latina: Un Continente en Erupción

By Eudocio Ravines  
Editorial Claridad, Buenos Aires.  
(Spanish), 1956, 263 pages.

This essay, written with Latin imagination and a propensity for theoretical generalizations in an effort to simplify the problems of Latin America, makes enjoyable reading but is of doubtful value. The author has tried to reduce the various dictatorial and demagogic movements of recent times to the common denominator of "justicialism," to use the term given currency in Argentina by Perón. This device, instead of making the picture clearer, simply misleads the reader. Peronism or justicialism was a phenomenon with its own peculiar characteristics. Its consequences are still making themselves felt, and it must be studied in the light of the circumstances in which it emerged, developed and sowed its seeds.

Among the precursors of justicialism, for example, the author cites Marco Fidel Suárez of Colombia. Suárez, a meek personality, incapable of speaking in public, profoundly Catholic and timorous in the extreme, had one passion in life, which was grammar. He had no talent whatsoever for public affairs, and his departure from office, by the humblest and most inconspicuous exit, was in accordance with his character. He never enjoyed the slightest popularity. Yet the author, carried away by the temptation to generalize, classes him with Hipólito Yrigoyen, Batlle y Ordóñez, Francisco Madero and Arturo Alessandri. In terms of Peruvian history—the author is from Peru—this would be like putting González Prada and Riva Agüero in the same category.

Mr. Ravines, as is well known, has made the round trip through militant communism and back. His return was signalized by his book published in English as *The Yenan Way*, at a time when books by ex-commu-

nists were the rage in the United States.

Actually *The Yenan Way* was above all an effort to discredit Haya de la Torre. Its importance was relative. In this new book Ravines answers the message of Marx with the message of Henry Ford, proclaiming it as the gospel for which Latin America had been waiting. Ford, says Ravines, "transformed the essence and content of the famous surplus value theory of Marxism and opened up a new horizon." He then cites the prophecy of Ford that mankind, emancipated in its thinking by the marvels of engineering, would realize that it could become the master of its environment. The engineer, Ford said, had found society static and had made it dynamic. "This," says Ravines, "is the message for which all Latin America was waiting."

—Germán Arciniegas  
Columbia University

## Trans-National Law

By Philip C. Jessup.  
Storrs Lectures on Jurisprudence,  
(Yale Law School, 1956) New Haven.  
Yale University Press, 1956,  
113 pages, \$3.

The world traders and travelers have produced in their wake a whole complex of problems, which must be brought within the confines of the rule of law, but for which the traditional concepts of "international law" are ill suited. In this small book, Professor Jessup, former ambassador-at-large of the United States and now professor of international law and diplomacy at Columbia, continues his critical analysis of world problems which he began so ably in his earlier book *A Modern Law of Nations*. The present book deals with "transnational law" which he defines as including "all law which regulates actions or events that transcend national frontiers" and "transnational situations" which "may involve individuals, corporations, states, organizations of states or other groups."

Jessup begins by describing the universality of human problems. He illustrates this thesis by examples drawn from private law as well as public international law. He shows the startling similarity among these examples. He quotes Duclos who said "we see on the theatre of the world a

certain number of scenes which succeed each other in endless repetition: where we see the same faults followed regularly by the same misfortunes, we may reasonably think that if we could have known the first we might have avoided the others."

From this experience, the author postulates that perhaps many of the problems which we have been accustomed to consider as "international" problems involving different countries are in reality problems of individuals or groups which have spilled out across frontiers. Thus for the transnational problem there may be sought a transnational law.

Jessup then turns to the question of who shall deal with these transnational problems which spill over frontiers. Here he calls for a sense of jurisdiction which is not based upon the old idea of personal or territorial sovereignty but rather on an amicably arranged procedure among the nations. Thus he asks for the matter of jurisdiction to be dealt with in "the manner most conducive to the needs and convenience of all members of the international community."

Finally, Jessup turns to the question of the law to be applied to these transnational situations. Transnational law in his opinion "includes what we know as public and private international law, and it includes national law, both public and private." He argues that "there is no inherent reason why a judicial tribunal, whether national or international, should not be authorized to choose from all these bodies of law the rule considered to be most in conformity with reason and justice for the solution of any particular controversy. The choice need not be determined by territoriality, personality, nationality, domicile, jurisdiction, sovereignty, or any other rubric save as these labels are reasonable reflections of human experience with the absolute and relative convenience of the law and of the forum."

No one is more aware than Professor Jessup of the difficulty in getting men to view "international" problems otherwise than through the traditional spectacles of the "taught-law" tradition. But his argument is cogent and the illustrations which he uses throughout his lectures serve to lend color to the theory and support to his argument. All those who are interested in the problems of world trade will be rewarded by his fresh and critical approach to old dogma.

—Ferdinand Stone  
Director

The Institute of Comparative Law  
Tulane University

# POTION P





# FOR THE GODS . . .



The Lady Xochitl was elated . . . her newly discovered potion had just been accorded the chief priest's unreserved approval. His very demeanor expressed his satisfaction. For was it not as she had insisted it would be . . . had not the seemingly magical properties of her sharp-smelling, milky brew rendered the prisoners docile so that they marched quietly and unresistingly across the Plaza of the Moon to the great Sun Pyramid?

Even now they were mounting the sharply-ascending stairs up the face of the pyramid willingly, apparently almost eager to reach the enormous altar on top where the long-robed priests awaited them.

All was proper and orderly as it should be. There was no terrorized screaming to mar the solemnities: No piteous plaints from war captives struggling unceremoniously to escape their bonds as they were herded, indeed sometimes dragged, to the altar . . . to the priests who waited with razor-sharp knives of obsidian to rip them open from throat to groin, and so offer them in bloody sacrifice to the Sun god.

**Blessed Stupor.** Instead there was a kind of dignity to the procession, as the chief priest had long hoped there would be. There even seemed to be a sense of jubilation among these prisoners, as though more properly conscious of the honor being accorded to them as supreme offerings.

The chief priest nodded to the Lady Xochitl and walked to where she stood near the rear of the altar, shielded behind the great piles of rare feathers and shells, precious jade, and savory offerings of food already presented to the god.

"It is as you have said, Lady Xochitl. The magic water revealed to you by the deity of the Sun, and filled with his power, has indeed spared us the sight of undignified and even sacrilegious resistance. These sacrificial victims have come forward as war-



An audacious moment of courage . . . a calculated risk against  
overwhelming odds . . . a well turned phrase to inspire the  
struggle for freedom. These are the  
great moments of history. Here  
is the tale of such a moment

riors should. Some seem joyful; see how they're dancing? I must say though that it is a strange sort of dance they do . . . awkward, tottering steps. Why they almost lose their balance; there is none of the grace or rhythm of our dances. Oh well, it serves their purpose."

The Lady Xochitl waited respectfully for him to finish, well satisfied with his words of praise which hinted at rewards for her efforts . . . greater perhaps than the honor already accorded her in the privilege of standing in the altar's shadow during the sacrificial ceremony. She spoke then to stress further the powers of her potion.

"But let me give each of them still another cup of the Sun's waters before the sacrifices begin," the Lady Xochitl urged, "and I am sure they will mount the altar and stretch themselves out quite willingly for the tearing knives."

Thus was pulque first used; to numb the senses of sacrificial victims who, completely intoxicated by its potent fieriness, were indifferent to onrushing death.

It was indeed the gift of the Sun god. Only the sun could draw up the moistures of the earth into the maguey cactus; only the sun could ferment this juice into pulque. Besides, who else but the Sun god could have revealed a liquor whose judicious use aided proper reverence to him?

**Lasting Mead.** To a Toltec nation, who 13 centuries ago moved down from California into central Mexico to wage a centuries-long conflict for control of the country, pulque became an indispensable part of their culture. The emergence of a people into national statehood along with the gaining of territorial sovereignty can be—was here—a bloody thing. By the tenth century, virtual supremacy had been established; the Mayas had been pushed southward to Yucatán and even further down the isthmus. And all the while the mounting stream of sacrificial victims quickened, sometimes to torrent-like pro-

portions. Yet the stream swelled with scarce a murmur, with solemnity, quieted by the soothing intoxication of pulque.

In time a whole religious cult revolved around the goddess Mayaue, protectress of the maguey plant and the mother of four hundred sons—all associated in matter of degree with pulque.

For a mortal man to be called "Two Rabbit"—after one of Mayaue's most temperate sons—was to say that he had but sniffed the stopper of a pulque vessel, and had not at all succumbed to its effects.

To speak of one in terms of fifteen or twenty rabbits, however, meant there was an air of festiveness about; of hearty conviviality. And for those labelled as four hundred rabbits, it was merely to say that they were blind drunk.

So well established was the goddess Mayaue and her progeny, that in the succeeding Aztec civilization one of her sons was honored as the patron-god of the Tepeztlan, and a temple was built on his behalf high in the Morelos mountains.

All this the fruit of the Lady Xochitl's wonderful discovery, an event which had been noted fully with all credits in the ninth century during the reign of the Toltec king, Iztacaltzin.

Even the Spanish *conquistadores* who came so many years later were to be grateful to the lady, for they could bring little of their customary wines and liquors to alleviate their boredom and pain—whether real or imaginary—in the New World.

In the centuries that followed the Lady Xochitl's discovery of the sacrificial brew, peoples and nations rose and fell, political values changed, and new customs emerged as facets of each new order. But through all these years of change pulque remained a constant, a veritable fixture.

**Nutritious, Too!** Singularly, its method of production too remains much the same. Sap, sucked from the maguey and other species of agave plants, is allowed to ferment in a pail

or jar for some ten days. The results, a highly potent essence known properly as *madre pulque*. A very small quantity of this "mother" is then added to fresh agave juice to seed its procreation, and in two or three days under the stimulus of induced fermentation, there is pulque.

But if the production of pulque has changed little, its usages have broadened somewhat since the recognition of its anesthetic properties by the Lady Xochitl and the chief priest, and as a sudden-death intoxicant by the *conquistadores* and sundry others. More than all that, it is appreciated by the Mexican of today not only as a refreshment but as a needed source of nutrition.

And this is no tongue-in-cheek old wives' tale, for many nutritionists soberly insist that pulque for years has helped off-set the deficiency of greens in the Mexican diet. And so maguey, along with maize, has played a mainstay role in many households, and thereby too has gained an even broader religious significance with maize.

Stranger perhaps and even more significant is that the maguey plant—wellspring of a potion that played such a part in the ancient sacrificial ceremonies of the Toltecs—has great importance in Christian observances today. For it is the thorn of the maguey which is used to mortify the flesh in penance during Lent, and most especially for the infliction of bloody wounds on the *flagelantes* during Holy Week.

In the fuller measure, is not all this a greater reward than whatever honors were bestowed on Lady Xochitl by the chief priest of the Toltecs centuries ago. The great temple-pyramids of her people are mere ruins; the names of their master builders long since forgotten, as are the names of all but a few of the Toltec kings. But the Lady Xochitl—hers is a name that lives on in the memory of man along with the fruits of her labor. Pulque, the veritable national beverage of Mexico. Is this not immortality?

# VOICE OF A CONTINENT

*Authoritative  
Timely  
Compelling*

**DON'T MISS AN ISSUE!**

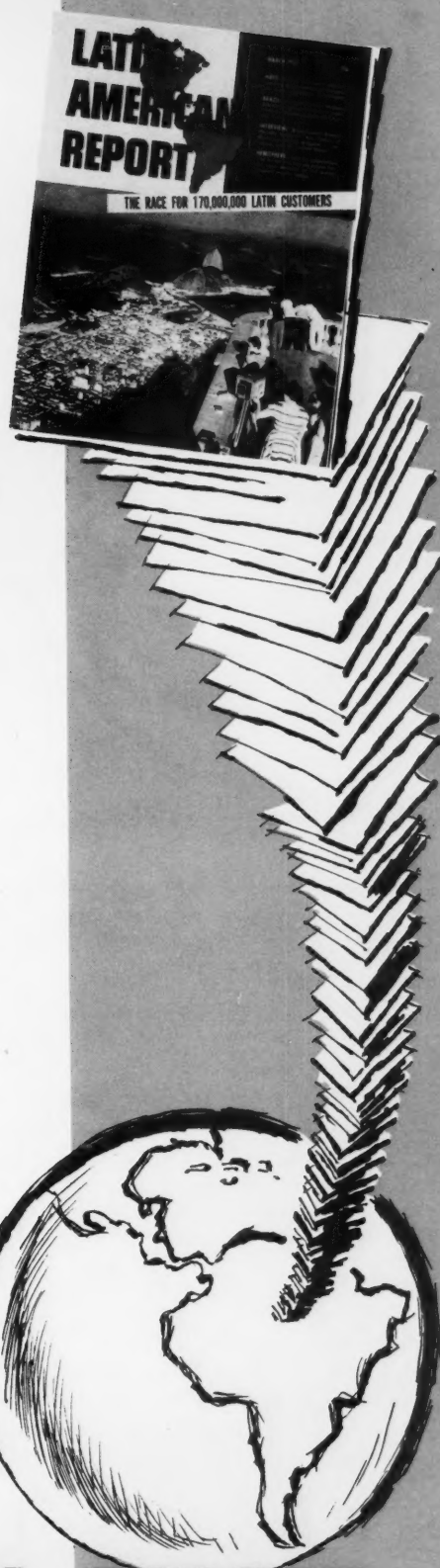
**50c AT YOUR NEWSSTAND**

**\$ 5.00 PER YEAR**

(In Pan American postal Union  
Countries add \$1.00 for postage.)

## **LATIN AMERICAN REPORT**

417 International Trade Mart, New Orleans 12, La







*Aerial view of Curitiba, Brazilian city served by an electric company of the Empresas Eletricas Brasileiras group.*

## 40 million MORE consumers by 1975!

Brazil—already big—has only begun to grow! A population increase in the next 20 years from 60 to 100 million people is forecast for this nation which is the largest land-mass country in the Western Hemisphere.

Helping make possible the sound growth of Brazil is the job of the privately-owned electric light and power companies of the Empresas Eletricas Brasileiras group. Although this group has just completed a five-year \$120 million program which boosted the system's generating capacity 78 per cent, it has announced plans for an even larger expansion program for the future. During the next five years the Empresas Eletricas group expects to double power production through a program calling for expenditure of approximately \$250 million.



... with a colorful exhibit in the famed International Trade Mart, New Orleans, U.S.A., from March 24 through May, sponsored by the Empresas Eletricas Brasileiras group.



### COMPANHIA AUXILIAR DE EMPRESAS ELÉTRICAS BRASILEIRAS

AVENIDA RIO BRANCO, 135

RIO DE JANEIRO, BRAZIL

ASSOCIATED WITH  
**AMERICAN & FOREIGN POWER COMPANY INC.**  
TWO RECTOR STREET NEW YORK

ASSOCIATED ELECTRIC COMPANIES IN

ARGENTINA • BRAZIL • CHILE • COLOMBIA • COSTA RICA • CUBA  
EQUADOR • GUATEMALA • MEXICO • PANAMA • VENEZUELA

